BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Members of Fire and Rescue Authority.

Bedford Borough Councillors: C Atkins, J Gambold and M Headley

Central Bedfordshire Councillors: R Berry, J Chatterley, P Duckett, D McVicar and I Shingler

Luton Borough Councillors: K Choudhry, D Franks, S Khurshid and Y Waheed

A meeting of **Fire and Rescue Authority** will be held remotely. **If any members of the public wish to have access or to contribute to the Public Participation item then please contact Democratic Services in advance of the meeting** on **Tuesday, 23 March 2021** starting at **10.00 am.**

John Atkinson
Secretary/Monitoring Officer

A G E N D A

Item	Subject	Lead	Purpose of Discussion
1.	Apologies	Secretary/ Monitoring Officer	

Item	Subject	Lead	Purpose of Discussion
2.	Declarations of Disclosable Pecuniary and Other Interests	Chair	Members are requested to disclose the existence and nature of any disclosable pecuniary interest and any other interests as required by the Fire Authority's Code of Conduct (see note below).
3.	Communications	Chair	
4.	Minutes from 11 February and 8 March 2021	Chair	To confirm the Minutes of the meeting held on 11 February 2021 and 8 March 2021 (Pages 5 - 22)
5.	Public Participation	Chair	To receive any questions put to the Authority under the Public Participation Scheme
6.	Audit and Standards Committee 4 March 2021	Cllr Headley	To receive the Minutes of the meeting held on 4 March 2021 (Pages 23 - 34)
7.	Proposed Indicators and Targets 2021/22	DCFO	To consider a report (Pages 35 - 60)
8.	Q3 Performance Report	DCFO	To consider a report (Pages 61 - 84)
9.	Treasury Management Strategy and Practices	CFO/Treasurer	To consider a report (Pages 85 - 186)
10.	Emergency Cover Review Update	DCFO	To consider a report (Pages 187 - 200)
11.	Blue Light Collaboration Strategic Board	DCFO	To consider a report (Pages 201 - 210)
12.	Tri-Service Estate Strategy	DCFO	To consider a report (Pages 211 - 216)
13.	Work Programme	CFO	To consider a report (Pages 217 - 220)
14.	Safeguarding Arrangements	GC S Auger	To receive a Presentation

Item	Subject	Lead	Purpose of Discussion
15.	HMICFRS Inspection Update	CFO	Verbal update

Next Meeting	10.00 am on 29 April 2021; This meeting will be held remotely. If any members of the public wish to have access or to contribute to the Public Participation item then please contact Democratic Services in advance of the meeting

DECLARATIONS OF INTEREST

From 1 July 2012 new regulations were introduced on Disclosable Pecuniary Interests (DPIs). The interests are set out in the Schedule to the Code of Conduct adopted by the Fire Authority on 28 June 2012. Members are statutorily required to notify the Monitoring Officer (MO) of any such interest which they, or a spouse or civil partner or a person they live with as such, have where they know of the interest.

A Member must make a verbal declaration of the existence and nature of any Disclosable Pecuniary Interest and any other interest as defined in paragraph 7 of the Fire Authority's Code of Conduct at any meeting of the Fire Authority, a Committee (or Sub-Committee) at which the Member is present and, in the case of a DPI, withdraw from participating in the meeting where an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.

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MINUTES OF FIRE AND RESCUE AUTHORITY MEETING HELD ON 11 FEBRUARY 2021

Present: Councillors C Atkins, R Berry, J Chatterley (Chairman), K Choudhry, P Duckett, D Franks, J Gambold, M Headley, D McVicar, I Shingler and Y Waheed

Mr J Atkinson, CFO P Fuller, DCFO A Hopkinson, ACO G Chambers, ACFO A Peckham, T/AC J Tai, Ms S Fecondi and Mr S Frank

Ms L McMahon, Service Liaison Lead HMICFRS, was also present

20-21/FRA/74 Apologies

An apology for absence was received from Councillor S Khurshid.

The Chairman welcomed Leanne McMahon (Service Liaison Lead HMICFRS) and Steve Frank (Audit Wales) who are working on the current HMICFRS inspection.

20-21/FRA/75 Declarations of Disclosable Pecuniary and Other Interests

There were no declarations of disclosable pecuniary and other interests.

20-21/FRA/76 Communications

The Chair reported that he had circulated all relevant correspondence to Members of the Authority for information. The latest of these had related to the COVID Inspection undertaken by HMICFRS and the Inspectorate's report on the sector's response to the pandemic.

Progress against recommendations arising from Phase 1 of the Grenfell Tower Inquiry

The Chair reported that he would be circulating the report on the progress against the implementation of recommendations relating to the Grenfell Tower Inquiry. He asked if all the high rise buildings in Bedfordshire over 18 metres high had been inspected and if they were safe. He also asked which authority was responsible for inspecting clad premises under 18 metres high.

The Chief Fire Officer advised that although the report was a follow up report arising from the recommendations made to the London Fire Brigade in the aftermath of the Grenfell disaster, it was relevant to the sector. Following Grenfell, all 73 high rise premises in the County had been inspected and the Service had been satisfied with the safety measures in place in the majority of these cases. There were some premises which had been requested to implement remediation plans and these had been progressed in relation to all but one high rise building. This was located in Luton and the Service was now threatening prosecution if the remediation plan was not delivered.

In relation to buildings under 18 metres, the Service's Corporate Management Team had asked the Protection Team for an update on progress against plans to assess the whole built environment in a more holistic way. It was recognised that this was a large piece of work that could take months to complete and may involve the use of volunteers and/or more contact with the local authority building control and planning functions.

Account would also be taken of any changes to national guidance on the efficacy of the stay put policy arising from the report.

COVID-19 Vaccination Centres

The Chief Fire Officer reported that some Station and Group Managers had been seconded to assist in the management of vaccination centres. Not only has this assistance been welcomed by the CCG, it also provided an opportunity to engage with and provide information about Safe and Well visits with one of the Service's target groups. At each vaccination centre managed by a Station or Group Manager, a Safe and Well Hub had been provided to provide advice and information.

It was suggested that the work undertaken by the Service in support of vulnerable groups such as older adults should be communicated more clearly by both the Service and its partner organisations.

The Deputy Chief Fire Officer advised that this would be reflected in a report outlining the accomplishments against the Community Risk Management Plan over the last two year period.

Industrial Action

The Chief Fire Officer commented on the national position on industrial action that had been subject to recent correspondence and social media posts.

The Chief Fire Officer reported that this Service had never supported the national tripartite agreement and had adopted a local approach of working closely with the Fire Brigades Union to allow for fire fighters working for the Service to carry out broader duties, especially during the pandemic.

The strong stance adopted by the Service was reflected in the recent COVID-19 thematic inspection as the Service had not provided any data for the relevant table.

20-21/FRA/77 Minutes

RESOLVED:
That the Minutes of the meeting held on 12 January 2021 be confirmed as a true record.

20-21/FRA/78 Public Participation

Members noted that no questions had been received in accordance with the public participation scheme approved at the meeting of the Fire and Rescue Authority held on 5 April 2000 (Minute 99/fa/94 refers).

20-21/FRA/79 Executive Committee 3 February 2021

The Chair reported on the meeting of the Executive Committee held on 3 February 2021. The main topic of discussion had been the Chief Fire Officer appointment process which was subject to a separate agenda item later in the meeting.

The Executive had resolved that an additional meeting of the Authority be called during the week commencing 8 March 2021 if the Executive felt able to appoint a suitable candidate, in order that the appointment could be ratified by all Members.

RESOLVED:
That a special meeting be called during the week commencing 8 March 2021 to confirm the appointment of the new Chief Fire Officer, if required.

20-21/FRA/80 2020/21 Revenue Budget and Capital Programme Monitoring as at 31 December 2020

The Assistant Chief Officer – Finance and Corporate Services introduced his report providing an update on of the forecast year-end budget monitoring position as at 31 December 2020.

The forecast underspend as at 31 December 2020 was £790,000. It had previously been agreed by the Authority that this underspend would be allocated to a Collection Fund Deficit Reserve. Members were reminded that the underspend had arisen as a 5% fire fighter pay award had been forecast and only a 2% pay award had been agreed. The Service had also been awarded a £607,000 COVID grant.

In relation to additional bids submitted by the Service, the decarbonisation bid to fund energy efficiency improvements such as new boilers, LED lighting and insulation, had been unsuccessful as the fund had been significantly oversubscribed. The funding would have enabled the Service to bring forward the planned spend in these areas.

The Service was in the final stages of preparing a bid for additional COVID grant funding.

The Assistant Chief Officer reported on slippage in the Capital Programme relating to funding the replacement of public address systems at stations and the upgrade of CCTV on fire appliances. Delays had been caused by the pandemic as it had been difficult to allow third party access. The workload of the ICT team had also been reprioritised to ensure that equipment was available for wide scale homeworking during the pandemic.

The station equipment project was also being partially slipped into 2021/2022 as this would enable the Service to pilot the newest technology which may result in additional savings.

A concern was expressed about the investment and continued overspend on ICT projects. This should be monitored to ensure that the value for money was being achieved from the high level of investment.

RESOLVED:
1. That the updates in the report be acknowledged.
2. That the requests in paragraph 3.4.1 of the report to slip the capital schemes into 2021/22 be agreed.

20-21/FRA/81 The 2021/22 Revenue Budget and Capital Programme

The Assistant Chief Officer – Finance and Corporate Services submitted his report which provided Members information to allow them to set a budget and precept level for 2021/22 in line with statutory requirements; approve a Medium-Term Revenue Plan for the period 2021/22 to 2024/25; approve a Medium-Term Capital Programme for the period 2021/22 to 2024/25 and to approve a Medium-Term Financial Strategy which provides the strategic context for each of the above, linking them to the Authority’s corporate aims, objectives and strategic priorities. These had been discussed in the two Member Budget Workshops as well as at the Service’s Corporate Management Team meetings.

A Council Tax increase of 1.99%, resulting in an increase in the precept for a Band D property from £100.41 to £102.41 per annum was being proposed.

Following receipt of the NNDR1 forms from the constituent authorities, an amended budget report had been submitted with an increased business rate income, an update on the business rate element of the Collection Fund deficit and the impact of Section 31 grants. The Assistant Chief Officer advised that in future, the final budget report would not be prepared until the NNDR1 forms had been received.

For the next four year period covered by the Medium Term documents, it had been assumed that there would be a 0% pay award for 2021/2022 and 2% for the following three years. It was hoped that the next Comprehensive Spending Review would cover a three year period. Assumptions had also been made about the reduction in Revenue Support Grant and an increased reliance on business rate income.

Appendix 2 to the report covered the programme of savings and efficiencies, totalling approximately £700,000. Councillor Duckett suggested that this programme be monitored by the Audit and Standards Committee throughout the year.

Councillor Headley proposed the following amendment, which was seconded by Councillor Franks:

“That the FRA particularly endorses the statement in the MTFS that “the Authority’s plans for 2021/22 and beyond include making additional significant efficiency savings through ...Efficiency improvements from investments in ICT” and therefore only approve investment in the Business Management Information System (BMIS) and GIS if the savings determined by the business cases are greater than the ongoing cost within the period of the MTFS.”

Both the Chief Fire Officer and the Deputy Chief Fire Officer advised that this investment would enable the Service to become more efficient and enable the organisation to become more data driven and evidence based by reducing the amount of time spent by the performance team on processes that could be automated so that up to date data was more easily accessible and their expertise could be directed towards priority areas.

The BMIS system in particular had been implemented successfully by other fire and rescue services as well as local authorities.

On the amendment being put to the meeting, the Chair declared it to be carried.

The recommendations relating to the revenue budget requirement of £31.773 million, with a corresponding precept of £22.193 million and a 1.99% Council Tax increase, and the approval of the Medium Term Revenue Plan, Medium Term Capital Programme, Medium Term Financial Strategy were put to the meeting and the votes recorded thereon were as follows:

For the Recommendations (11) Councillors C Atkins, R Berry, J Chatterley, K Choudhry, P Duckett, D Franks, J Gambold, M Headley, D McVicar, I Shingler and Y Waheed

Therefore, these recommendations were carried unanimously.

RESOLVED:

1. That the report be considered and it be determined for 2021/22 that:
   (a) A Revenue Budget requirement is set at £31.773 million, met as indicated in paragraph 3.8 of the report.
   (b) In meeting this budget requirement, the Authority's Precept be set at £22.193 million and that consequently, a Council Tax increase of 1.99% up to £102.41 per Band D equivalent property, calculated as shown in Paragraph 3.8 of the Report, be approved.
   (c) In order to meet the Precept requirement, the Treasurer be authorised to issue Precepts in the necessary form to each of the Unitary Councils and for the amounts indicated in Paragraph 3.11 of the report.
2. That the Medium-Term Revenue Plan attached at Appendix 1 to the report and 2021/22 savings and efficiencies detailed at Appendix 2 of the report be approved.
3. That the 2020/21 year-end underspend be allocated to the new Collection Fund Deficit Reserve.
4. That the 2021/22 Capital Programme of £1.038m as attached at Appendix 3 to the report be approved.
5. That the Medium-Term Financial Strategy attached at Appendix 4 to the report and the Reserves Strategy at Appendix 5 of the report be approved.
6. That in considering the above recommendations, the Treasurer's statement on the robustness of estimates included in the budget and the adequacy of the reserves for which the budget provides, attached at Appendix 6 to the report, be noted.
7. That any budget amendments, following receipt of the final settlement figures, be delegated to the Treasurer and Chief Fire Officer.
8. That the FRA particularly endorses the statement in the MTFS that "the Authority's plans for 2021/22 and beyond include making additional significant efficiency savings through ...Efficiency improvements from investments in ICT" and therefore only approve investment in the Business Management Information System (BMIS) and GIS if the savings determined by the business cases are greater than the ongoing cost within the period of the MTFS.

<u>20-21/FRA/82 2019-2023 Community Risk Management Plan, 2021/22 Action Plan: Consultation update</u>

The Deputy Chief Fire Officer presented the outcomes of the public consultation on the proposals for inclusion in the 2021/22 Annual Action Plan within the four year Community Risk Management Plan (CRMP) covering the period 2019-2023.

The consultation had been conducted alongside the annual budget consultation and had included the delivery of 15,000 emails, publication on the Service website and through its social media channels. 471 consultation responses had been received, with 67% agreeing that delivery of the identified actions would help the Service to achieve its mission to provide outstanding fire and rescue services.

96 responses had also been received to the free text question on how the Service could improve. The majority of these comments were very positive.

In response to a comment about the lack of Member involvement in the Emergency Cover Review, the Deputy Chief Fire Officer reported that the review was in its initial stages and that a report would be submitted to the next meeting of the Authority on the proposed next steps to be taken.

RESOLVED:
1. That the outcomes from the Community Risk Management Plan public consultation be acknowledged.
2. That the adoption and publication of the final draft of the refreshed 2019-2023 Community Risk Management Plan and the 2021/22 annual action plan set out at Appendix A of the report be approved.

Leanne McMahon left the meeting prior to:

<u>20-21/FRA/83 HMICFRS Covid 19 Inspection Report</u>

The Deputy Chief Fire Officer submitted his report outlining the outcomes of the COVID-19 thematic inspection conducted by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) during 2020. The inspection had covered four areas: what was working well and what was being learnt; how the fire and rescue sector was responding to the COVID-19 crisis; how fire and rescue services were dealing with the problems they faced; and what changes were likely as a result of the COVID-19 pandemic.

The report had been presented as a narrative report rather than as a graded judgement. As previously discussed, rather than engaging in the national tripartite agreement, the Service had engaged early and on a regular basis with the Fire Brigades Union to adopt a practical and agile approach locally and detail of the additional duties undertaken during the pandemic, such as providing ambulance drivers and participating in the delivery of food parcels, in addition to maintaining the response and prevention elements of the Service's work was set out in the body of the report. Unfortunately, this could not be reflected in the data tables in the national report.

HMICFRS had criticised the Service for not continuing to undertake all its protection duties during the pandemic and an action plan was in place to ensure that the Service maintained its risk based inspection programme during subsequent lockdowns.

The Chief Fire Officer reiterated that the Service had, from an early stage, advised that it would not engage in the tripartite agreement and had continued with this robust stance, being the only Service in the country to do so.

The Deputy Chief Fire Officer added that the Service had been one of the first visited after the first lockdown period as it was recognised as having many areas of good practice, including its collaborative work with the East of England Ambulance Service, its co-responding capability, bariatric capability and work undertaken by the Falls Team. The joint work with the Ambulance Service was currently the subject of a study by Nottinghamshire Trent University seeking to identify the social value to the community of this initiative. When this was complete, it would be presented to Members for information.

The Assistant Chief Fire Officer reported on some of the results of the staff survey which was conducted by HMICFRS as part of the inspection. These compared favourably to the most recent staff survey undertaken by the Service in 2019 as well as to the national average. For example, 97% of staff felt that the communications from the Service on COVID-19 were informative compared to 90% nationally. 74% of staff ranked their wellbeing higher on a scale of 1-5 compared with 66% nationally.

RESOLVED:
1. That the findings of HMICFRS into Bedfordshire Fire and Rescue Service's response during the COVID-19 pandemic be received.
2. That a further progress update be received at a future Authority meeting.

(Note: The meeting was adjourned at 11.37am and resumed at 11.45am)

20-21/FRA/84 HMICFRS Round 2 Service Inspections - Update

The Deputy Chief Fire Officer and Mr S Frank provided an update on the Round 2 Service Inspections. These had been brought forward, with the Service being in the first tranche of inspection. The inspection would focus on efficiency, effectiveness and people.

Mr Frank provided Members with the detail around the planned eight week inspection period which would start on 3 March 2021. Pre-inspection preparation had already been undertaken. This included an update of the Improvement Plan and Self-Assessment. The Service had developed a strong narrative around the following four themes: the strong financial position of the Service, the Service's move towards becoming more data-led and evidence based, a step change in evaluation and the adoption of a longer-term vision. Data had been collected and coded in such a way as to facilitate its use by the HMIFRS.

In response to a comment about performance against the people strand of the inspection, the Authority was advised that there had been clear progress on that. Of the 22 areas identified for improvement in the first inspection, nine actions had been completed and the rest were in progress.

RESOLVED:
That the update be received.

Leanne McMahon returned to the meeting.

20-21/FRA/85 Localism Act 2011 - Pay Policy Statement 2021

The Authority received the report of the Head of Human Resources which reminded Members of the statutory requirement to agree and publish an annual pay policy statement and its constituent parts for the financial year 2021/22. Updates to the Policy were marked in bold for ease of reference and reflected all recent pay awards and increases agreed by the respective National Joint Councils.

It was noted that the current pay multiple between the lowest paid employee and the highest paid Chief Officer was 7.6 to 1. This compared favourably to other public sector organisations.

RESOLVED:
That the submitted proposed pay policy statement for 2021/22 be approved.

20-21/FRA/86 Work Programme

Members received the updated Work Programme.

The Chief Fire Officer reported on plans to introduce video conferencing facilities into all stations so that virtual Station Visits could be conducted, recognising the value of Member visits to the Service's Community Fire Stations, which had not taken place as a result of COVID-19.

As an interim measure, a notice would be placed in the Weekly Bulleting advising members of staff that they could contact the Chair if they wished to bring anything to the Authority's attention on an informal basis.

The Deputy Chief Fire Officer commented that the Emergency Cover Review should be added to the Work Programme for the Authority's next meeting.

The Chair requested that the Authority receive a presentation on benchmarking against other Fire and Rescue Services be added to the Work Programme.

RESOLVED:
1. That the Work Programme be received.
2. That a report on the Emergency Cover Review be added to the agenda for the Authority's meeting on 23 March 2021.
3. That a presentation on benchmarking against other Fire and Rescue Services be added to the Work Programme for a future meeting.

20-21/FRA/87 Information Bulletin Q3 Oct-Dec

The Chief Fire Officer submitted the information bulletin covering the period October to December 2020.

In response to a comment about the high number of leavers during the period, the Chief Fire Officer advised that formal exit interviews were conducted, as well as the leavers being offered the opportunity to have an informal discussion with himself or the Deputy Chief Fire Officer. In the majority of cases, individuals left the Service as a result of a legitimate life change.

RESOLVED:
That the information bulleting be received.

<u>20-21/FRA/88 CFO Appointment Process</u>

The Authority received the information pack for the post of Chief Fire Officer and Chief Executive of the Service. This had undergone a significant refresh. As previously noted, the selection process had been delegated to the Executive and would take place during the period 16 February, with the commencement of the shortlisting process, and concluding with two days of interviews on the 4 and 5 of March 2021.

Ms S Fecondi, the Head of Human Resources, provided more detail on the process, which would be conducted entirely virtually. The Chief Fire Officer would be acting as a Technical Adviser to the Selection Panel and the Chief Constable of Bedfordshire Police and the Chief Executive of Bedford Borough Council would be taking part as stakeholders in one of the interviews to be conducted on 4 March 2021.

At the end of this process, the Executive would score each candidate to identify the successful individual and the Authority would be asked to ratify the decision made.

RESOLVED:
That the update on the Chief Fire Officer appointment process be received.

<u>20-21/FRA/89 Business Continuity Annual Review</u>

RESOLVED:
That, pursuant to Sections 100A(2) and 100A(4) of the Local Government Act 1972, the public be excluded from the discussion of the following item on the grounds that the matters to be discussed involve the likely disclosure of exempt information as defined in Paragraphs 3 and 4 of Part 1 of Schedule 12A to the Act (as amended):

<u>Item</u>

Business Continuity Annual Review

The meeting ended at 12.44 pm

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By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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MINUTES OF FIRE AND RESCUE AUTHORITY MEETING HELD VIRTUALLY ON 8 MARCH 2021

Present: Councillors C Atkins, R Berry, J Chatterley (Chairman), K Choudhry, P Duckett, D Franks, J Gambold, M Headley, D McVicar, I Shingler and Y Waheed

CFO P Fuller and Mr J Atkinson

20-21/FRA/90 Apologies

An apology for absence was received from Councillor S Khurshid. Ms S Fecondi was unable to attend the meeting as she was currently on sick leave.

20-21/FRA/91 Declarations of Disclosable Pecuniary and Other Interests

There were no declarations of disclosable pecuniary and other interests.

20-21/FRA/92 Communications

The Chair reported that he had received three communications that he would circulate to all Members of the Authority at the end of the week. These related to the forthcoming resignation of Zoe Bellingham as the Chief Inspector at HMICFRS and a letter from Sir Thomas Windsor regarding the inspection process and proposed national recommendations arising from this.

20-21/FRA/93 Public Participation

Members noted that no questions had been received in accordance with the public participation scheme approved at the meeting of the Fire and Rescue Authority held on 5 April 2000 (Minute 99/fa/94 refers).

20-21/FRA/94 Appointment of Chief Fire Officer/Chief Executive

RESOLVED:
That, pursuant to Sections 100A(2) and 100A(4) of the Local Government Act 1972, the public be excluded from the discussion of the following item on the grounds that the matters to be discussed involve the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A to the Act (as amended):

Item

Appointment of New Chief Fire Officer

The meeting ended at 2.24 pm

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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For Publication

Bedfordshire Fire and Rescue Authority
23 March 2021

REPORT AUTHOR: **COUNCILLOR M HEADLEY**

SUBJECT: **AUDIT AND STANDARDS COMMITTEE**

For further information on this Report contact: Nicky Upton
Democratic & Regulatory Services Supervisor

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New			

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To report on the meeting of the Audit and Standards Committee held on 4 March 2021.

RECOMMENDATIONS:

That the submitted minutes of the meeting held on 4 March 2021 be received.

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1. Introduction

1.1 The draft minutes of the meeting of the Audit and Standards Committee held on 4 March 2021 are appended for Members' consideration.

1.2 The Audit and Standards Committee made no recommendations to the Fire Authority.

COUNCILLOR M HEADLEY
CHAIR OF AUDIT AND STANDARDS COMMITTEE

MINUTES OF THE AUDIT AND STANDARDS COMMITTEE
VIRTUAL MEETING HELD ON 4 MARCH 2021 AT 10.00am

Present: Councillors M Headley (Chair), K Choudhry, R Berry, P Duckett, J Gambold, S Khurshid and I Shingler

Mr J Atkinson, ACO FCS G Chambers and T/AC D Cook

Mr N Harris, Ernst & Young

Mr D Harris, RSM

20-21/AS/042 Apologies

42.1 There were no apologies.

20-21/AS/043 Declarations of Interest

43.1 There were no declarations of interest.

20-21/AS/044 Communications

44.1 The Committee received the Emergency Services News briefing and a briefing on Managing Risks in a Changing Environment from RSM.

44.2 Mr D Harris of RSM reported that, in the briefing on managing risks, RSM had analysed 16 different risk registers from Fire and Rescue Services across the country and the 264 risks contained therein. It was recognised that this provided useful comparative information.

44.3 The Chair requested that Officers assess these risks to determine whether there were any areas that had not been included in the Service's own Corporate Risk Register and that the Committee be informed of the outcome of this exercise.

RESOLVED:
That the briefings from RSM be received.

20-21/AS/045 Minutes

RESOLVED:
That the Minutes of the meeting held on 1 December 2020 be confirmed as a true record.

20-21/AS/046 Public Participation

46.1 There were no members of the public present.

20-21/ASC/047 Annual Audit Letter for year ending 31 March 2020

47.1 The Assistant Chief Officer and Treasurer presented a report on the Annual Audit Letter for Year Ended 31 March 2020 received from Ernst & Young, the Fire and Rescue Authority's external auditor. This included the fee information.

47.2 Mr N Harris of Ernst & Young advised that on 23 December 2020, an unqualified audit opinion on the Service's accounts had been issued, as well as an unqualified value for money conclusion. The timescales for the conclusion of the audit and presentation of this letter to the Committee had been impacted by the COVID-19 pandemic and the additional work that had been undertaken, particularly in relation to the valuation of property assets, which the auditors believed were subject to under valuation. He suggested that this be addressed prior to the commencement of the audit of the 2020/2021 accounts.

47.3 In respect of the audit fees, Mr N Harris confirmed that the audit fee for 2018/19 had recently been agreed by PSAA. The fee for the 2019/2020 audit had not yet been determined. The increase in fee had been reduced from £17,500 to £16,000 following discussions with the Service, and information to justify the increase, including the additional work involved on valuations and going concern assessments, had been provided to Officers. It was for the PSAA to determine if the fee was appropriate following submission of the views from both parties.

47.4 In response to a question from the Chair on whether Ernst & Young had the resources available to conduct the audit of the accounts for 2020/2021, Mr N Harris advised that it was hoped that the audit would be concluded by the end of September 2021. A number of measures had been implemented to expedite this process, including allocating the same team of auditors for continuity and the forgoing of the pre and interim audits in preparation for the main audit.

47.5 Comments were made about the sustainability of public sector audit and the level of fees that would be required to provide a high quality service. At present, Ernst & Young had been appointed as the external auditors as part of a five year contract with PSAA from 2018/19.

RESOLVED:
That the submitted Annual Audit Letter dated January 2021 be received.

<u>20-21/ASC/048 Ernst & Young Quality Assurance Processes</u>

48.1 The Committee received a report on the effectiveness of the quality assurance processes in place for the Fire and Rescue Authority's External Audit arrangements. In 2020 Ernst and Young published a Transparency Report, which provided a comprehensive overview of the quality assurance processes across the firm, including the Government and Public Sector engagements. A link to this was included within the report.

48.2 Mr N Harris reported on Ernst & Young's internal and external quality assurance processes. Ernst & Young's Audit Quality Strategy had been reviewed within the last six month period and the results of this would inform the 2020/2021 audit round.

48.3 Audits were also subject to internal quality reviews, with a sample of the previous year's audits being selected for scrutiny. One of Mr Harris's audits had been selected and he would report back to the Committee on any lessons learnt from the process. External reviews of selected individual audits were also conducted by the Financial Reporting Council (FRC) and (Institute of Chartered Accountants in England and Wales (ICAEW).

48.4 Mr N Harris recognised that it was good practice to hold the Service's external auditors to account by requesting this report on an annual basis, as done by the Committee.

RESOLVED:
That the effectiveness of the quality assurance processes of the Fire and Rescue Authority's external auditors Ernst and Young be confirmed.

20-21/AS/049 Internal Audit Progress Report

49.1 Mr D Harris of RSM submitted a report on progress made against the internal audit plan for 2020/21. Two audits had been completed since the previous meeting of the Committee, relating to HR Support Staff Recruitment and Key Financial Controls. Three additional audits were scheduled for completion. Of the audits already completed during 2020/2021, only one partial assurance opinion had been awarded and this would not impact on the year-end audit opinion.

49.2 In relation to HR Support Staff Recruitment, an audit opinion of reasonable assurance had been awarded. Four management actions had been identified, 1 medium priority and 3 low priority. The audit had found that there were a number of well-designed controls in place; however, particular issues around evidencing had been identified, as only half of the samples had evidence of approval of new posts.

49.3 An audit opinion of substantial assurance had been awarded in relation to the audit of Key Financial Controls. One medium priority action was identified as the internal auditors had noted three instances of the inconsistent application of the quotation and best value rules detailed within the Procurement Policy from a sample of five transactions. These were likely to be as a result of human error.

49.4 The Assistant Chief Officer and Treasurer reported that in some of these instances, it may be a single supplier and may also relate to the urgency and risk involved in not being able to procure the item(s). Following the audit, procurement training was being provided to all budget managers throughout the Service.

RESOLVED:
That the report be received.

20-21/AS/050 Internal Audit Strategy 2021/22 to 2023/24

50.1 The Assistant Chief Officer and Treasurer introduced a report which set out the details of the Internal Audit tender process and timescales. The joint procurement process with Essex and Cambridgeshire Fire and Rescue Services was being led by Cambridge and the results of the process would be announced within the next few days. The newly appointed internal auditors would then be asked to consider a Strategy for submission to the next meeting of the Committee.

RESOLVED:
That the report be received.

20-21/AS/051 Audit and Governance Action Plan Monitoring -Exception Report and Summary Analysis

51.1 T/AC Cook introduced the report which provided summary statistical analysis of actions arising from internal audit reports over the last three financial years to date and from the Fire and Rescue Authority's current Annual Governance Statement; together with any exception reports on those actions currently in progress, progress to date on current action plans and proposals to extend the original timing for completion.

51.2 Of the 8 high, 60 medium and 5 low priority actions arising from previous audits, only one medium priority action arising from the stock control audit was still in progress and this was subject to an extension request to May 2021, to allow for the new system to be implemented and training to be provided.

51.3 While the action itself related to formal training being provided to relevant staff, this had been impacted by delay in the implementation of a new system.

51.4 In response to concerns expressed about the length of time taken to complete this action, given that the original audit had been completed in April 2019, the Assistant Chief Officer and Treasurer reported that, in addition to the other 3 actions from the audit being completed, during this time, a member of the Procurement Team continued to provide guidance and help to the Stores Team in order to ensure that stock transactions were processed correctly and accurately. Ad hoc stock spot checks had also been introduced.

51.5 The Assistant Chief Officer and Treasurer advised that, following the implementation of the new system in April 2021, all training should be completed by the requested completion date of the end of May 2021.

51.6 The Chair commented on an outstanding action arising from the Review of the Authority's Effectiveness relating to the introduction of Member Portfolio Leads. As this had only recently been introduced, an extension request was being made to allow for a period of time for the new system to bed in before it was reviewed. It was suggested that this be discussed at the Member Development Day that would take place in the spring or summer.

RESOLVED:
1. That progress made to date against action plans be acknowledged.
2. That the extension of the completion date for the outstanding medium priority action arising from the stock control audit to the end of May 2021 be agreed.
3. That an extension of the outstanding action arising from the Governance Review be extended to follow the Member Development Day to take place in Spring/Summer 2021.

20-21/AS/052 Financial Regulations Review

52.1 The Assistant Chief Officer introduced his report detailing the review and proposals to update the Authority's Financial Regulations as found in the Members' Handbook. The review took place once every two years and no material changes were being proposed.

52.2 The changes made included the removal of a reference to the Corporate Services Policy and Challenge Group, the updating of the title of the Chief Fire Officer and Chief Executive post and an increase to the Treasurer's write off limit from £2000 to £2500.

RESOLVED:
That the Authority's amended Financial Regulations be approved.

20-21/ASC/053 Review of Model Code of Conduct

53.1 The Secretary and Monitoring Officer submitted his report on the Model Councillor Code of Conduct recently published by the Local Government Association (LGA). The LGA had developed the Model Code in response to a report on ethical standards in local government published by the Committee on Standards in Public Life in January 2019. The Government had yet to respond to that report.

53.2 A meeting of local Monitoring Officers was being held that afternoon which the Secretary and Monitoring Officer would be attending and at which the Model Code would be discussed. It was hoped that a consistent approach could be adopted by the Authority and its constituent local authorities.

53.3 Recognising that it was in the Authority's discretion whether or not to adopt the Model Code, the Chair suggested, and it was supported by other Members of the Committee, that the Authority would wish to wait for the Government's response prior to deciding whether to adopt a new Code of Conduct.

RESOLVED:
That the Monitoring Officer consults with Bedford Borough Council, Central Bedfordshire Council and Luton Borough Council about the LGA's Model Code of Conduct and presents a further report to the Committee once the Government's response to the report on ethical standards in local government is published.

20-21/ASC/054 Review of Work Programme 2020/2021

54.1 The Committee received its updated work programme and noted the items to be considered at its next meeting.

RESOLVED:
That the Committee's Work Programme for 2020/21 be received.

20-21/ASC/055 Local Government Act 1972, Schedule 12A, Paragraph 3 of Part 1: Exclusion of the Public

RESOLVED:
That, pursuant to Sections 100A(2) and 100A(4) of the Local Government Act 1972, the public be excluded from the discussion of the following item on the grounds that the matters to be discussed involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act (as amended):

Item

Annual Review of Corporate Risk Management

The meeting closed at 11.18 am

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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For Publication

Bedfordshire Fire and Rescue Authority
23 March 2021

REPORT AUTHOR: **DEPUTY CHIEF FIRE OFFICER**

SUBJECT: **PERFORMANCE TARGET SETTING 2021-22 (APRIL 2021 to MARCH 2022)**

For further information on this report contact:
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Background Papers:

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known		OTHER (please specify)	
	New			

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To advise Members of the proposed suite of performance indicators and associated targets for 2021/22 and to seek Member's endorsement to incorporate these into the Service's performance management framework.

RECOMMENDATIONS:

That Members:

1. **Comment** on the proposed suite of performance indicators and targets for 2021/22;
2. **Approve** their adoption and publication of the report on the Service website, subject to any amendments required.

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1. Background

1.1. Both operational and corporate performance is monitored and managed internally via the monthly Corporate Management Team (CMT) Forum. Historically, the Fire and Rescue Authority has scrutinised performance on a quarterly basis via meetings of the three Policy and Challenge Groups (PCG), with the Chair of each PCG reporting separately to meetings of the full Authority. From 2019/20, Members agreed to receive a combined performance report covering all areas of operational and corporate performance.

1.2. The targets have generally been set against either a three or five year performance average with consideration placed upon the variations in previous years data. Where appropriate, consideration has also been given to current performance against 2020/21 targets. The Key Performance Indicators (KPI) and targets support assurance against the strategic aims set out in the Authority's Community Risk Management Plan 2019-2023 (CRMP):

- Section 3-5: Preventing, Protecting and Responding (Service Delivery);
- Section 6: Utilising and Maximising (Corporate Services);
- Section 7: Empowering (Human Resources)

1.3. One of the strategic priorities set out in the CRMP is to enable better access to data and performance insight as doing so will help empower staff to greater ownership for delivering performance improvements at a local level. To support this strategic priority, the Service is undertaking a comprehensive review of how it captures and utilises the broad range of risk and performance data available.

1.4. This report contains a revised and expanded set of Service Delivery KPIs that are aligned to the service delivery aims of the CRMP, namely Preventing, Protecting and Responding. These corporate KPIs are complimented through a series of local performance measures combining over 220 KPIs measuring both output and outcome performance across the Prevention, Protection and Response areas of the Service. They have been devised to give a Service level view of performance but also allow 'drill-down' to local levels and, where applicable, they are aligned to the measures used by the Home Office and Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) to benchmark performance between other fire and rescue services.

1.5. It is likely that the performance reports, provided quarterly, will continue to evolve during 2021/22 as work continues to expand the technical capabilities of the Business Information Team and increase the breadth and availability of risk and performance information.

1.6. The status of each measure is noted using the following key:

Colour Code	Exception Report	Status
GREEN	n/a	Met or surpassed target
AMBER	Required	Missed but within 10% of target
RED	Required	Missed target by greater than 10%
Note: It should be noted that all targets are represented as 100% of the target for that period and the actual as a percentage of that target.		

1. Prevention Performance

	Performance Indicator	Frequency of Reporting	BFRS Historical Performance 5 Year Average	BFRS Target 2020/21	BFRS Target 2021/22	Target setting Rationale
Total number of primary fires		Quarterly	1025	970	922	Based upon 10% reduction on 5-year average
Number of (primary) fire fatalities		Quarterly	3.4	Fewer than 4	Fewer than 4	Target carried forward, recognising historical fluctuations
Number of (primary) fire injuries where victim went to hospital		Quarterly	29.6	Fewer than 27	Fewer than 29	Based upon 5% reduction on 5-year average.
No. of Deliberate (Arson) Fires		Quarterly	867	715	709	Based upon 10% reduction on 3-year average
Total number of primary fires - dwellings - accidental		Quarterly	367	347	330	Based upon 10% reduction on 5-year average
Total number of primary fires - dwellings - deliberate		Quarterly	33.4	30	30	Based upon 10% reduction on 5-year average
Total number of primary fires - other buildings - deliberate		Quarterly	51.4	47	45	Based upon 10% reduction on 3-year average
Number of delivered Safe and Well visits		Quarterly	n/a	10,000	10,000	CRMP target
Total number of secondary fires		Quarterly	972	970	923	Based upon 5% reduction on 5-year average.

2. Protection Performance

Performance Indicator	Frequency of Reporting	BFRS Historical Performance 5 Year Average	BFRS Target 2020/21	BFRS Target 2021/22	Target setting Rationale
% of Building Regulations consultations completed on time	Quarterly	95%	95%	95%	Realistic level of compliance with building regulations guidance
Total Fire Safety Audits/inspections completed	Quarterly	1848.8	1800	1800	Based upon previous output. This comprises the audits and inspections carried out by specialist and operational staff
Total number of primary fires in non-domestic buildings	Quarterly	146	133	124	Based upon 10% reduction on 3 year average
The number of automatic fire detector false alarms in non-domestic properties	Quarterly	778.60	550	550	Target carried forward

3. Response Performance

	Performance Indicator	Frequency of Reporting	BFRS Historical Performance 5 Year Average	BFRS Target 2020/21	BFRS Target 2021/22	Target setting Rationale
Total Emergency Calls received		Quarterly	n/a	n/a	n/a	Monitor only. Awaiting mobilising system update
Total Incidents		Quarterly	6019	n/a	n/a	Monitor only
Total Fires		Quarterly	2030	n/a	n/a	Monitor only
Total Special Services		Quarterly	1511	n/a	n/a	Monitor only
Total False Alarms attended		Quarterly	2478	n/a	n/a	Monitor only
Percentage of emergency calls answered within 7 secs		Quarterly	n/a	n/a	n/a	Awaiting mobilising system update
Average Call Handling Time (Bedfordshire incidents)		Quarterly	n/a	n/a	n/a	Awaiting mobilising system update
Average response time to primary fires (Sec)		Quarterly	593.65*	600	600	Service level performance as per CRMP
Average response time to secondary fires (Sec)		Quarterly	609.88*	1200	1200	Service level performance as per CRMP
Average response time to RTCs (Sec)		Quarterly	631.75*	780	780	Service level performance as per CRMP
RDS availability of 1st pump - primary or alternate available		Quarterly	69.77%	90%	90%	Service target - station targets are set based on 90% contracted availability
% of time whole-time global crewing availability enabled 9 riders on 2 pump responses		Quarterly	96.76%	90%	90%	Service level performance

** BFRS Historical Performance is only based on 2 years validated data for these measures.*

4. Empowering Performance

Equality & Diversity					
Performance Indicator	**Frequency of Reporting**	**BFRS Historical Performance**	**BFRS Target 2020/21**	**BFRS Target 2021/22**	**Target setting Rationale**
Percentage of new entrants to the RDS/On-Call operational staff to be women	Annually	2020/21 - TBC 2019/20 - 9.52% 2018/19 - 8.33% 2017/18 - 12.12% 2016/17 - 14.29% 2015/16 - 15.79%	12.5%	12.5%	Current performance running at 16.7% due to the relatively low number of new recruits (2 of the 12 new RDS/On-Call Firefighters were women). RDS/On-Call recruitment planned during 2020 was significantly affected by Covid-19 and ongoing restrictions in 2021/22 will continue to prevent in person promotional events which will have a detrimental effect the longer it continues. Whilst plans for 2021/2022 include online campaigns targeted at myth busting perceptions and, when permitted, women only “have a go” days, it is proposed that we maintain a target of 12.5%.
Percentage of new entrants to the Wholetime operational staff to be women	Annually	2020/21 - TBC 2019/20 - 5.89% 2018/19 - 5.56% 2017/18 - 8.0% 2016/17 - 14.8%	9.46%	10%	Current performance running at 11.1% with 2 of the 18 wholetime Firefighters recruited in 2020/21 being women. Planning to only recruit 10 wholetime firefighters in 2021/22. A target of 6.48% would be based on the previous 3-year average, however, a stretch target of 10% has been set.
Percentage of RDS/On-Call	Annually	2020/21 - TBC	10.1%	10.1%	Target maintained at 10.1% as this reflects

operational staff who are women		2019/20 - 10.0% 2018/19 - 9.3% 2017/18 - 9. 4% 2016/17 - 8.1% 2015/16 - 7.7% 2014/15 - 6.2%			the relatively low number of new On-Call/RDS Firefighters recruited each year also taking into account the economic impact of Covid. Current performance running at 10% National average 2018/19 was 5.6%
Percentage of Whole time operational staff who are women	Annually	2020/21 - TBC 2019/20 - 6.43% 2018/19 - 6.4% 2017/18 - 6.0% 2016/17 - 5.4% 2015/16 - 4.1%	7.2%	7.7%	Target setting based on 2% above the 5-year average performance rate which will be a challenge for reasons explained above. Current performance running at 6% Home Office average of women firefighters in post March 2019 was 6.4%
Recruitment of Black, Asian and Minority Ethnic (BAME) staff across the whole organisation	Annually	2020/21 - TBC 2019/20 - 8.0% 2018/19 - 7.35% 2017/18 - 6.17% 2016/17 - 11.86% 2015/16 - 6.82% 2014/15 - 12.2%	8.9%	8.9%	Target is maintained at 8.9% as current performance to date is 7.8% and the 5-year average would be 8%. Covid restrictions have significantly affected community engagement with many events being completely cancelled as opposed to moving online. Restrictions will continue to have an impact but we will continue to find innovative ways to reach out including working with partners.
Recruitment of Black, Asian and Minority Ethnic (BAME) staff across operational roles	Annually	2020/21 - TBC 2019/20 - 5.26% 2018/19 - 6.19%[2] 2017/18 - 6.13%	7.1%	7.1%	Target is maintained at 7.1% as current performance to date is 6.1%, there is low level of recruitment planned and the impact of Covid on engagement events. Home Office average of BAME firefighters in post March 2019 was 4.3%.
Percentage of RDS/On-Call	Annually	2020/21 - TBC	6.9%	6.9%	Target is maintained at 6.9% as current

operational staff who declare as BAME		2019/20 - 6.36% 2018/19 - 6.0%[2] 2017/18 - 1.7% 2016/17 - 1.2% 2015/16 - 0.7%			performance to date is running at 6.0% and this will continue to be a challenging target due to the rural locations of RDS stations which have a low proportion of the BAME community within the required response times. National average 2018/19 was 1.4%. NOTE– we will use the new census 2021 data to break this target down by RDS locality moving forward.
Percentage of Wholetime operational staff who declare as BAME	Annually	2020/21 - TBC 2019/20 - 6.79% 2018/19 - 6.1%[2] 2017/18 - 5.2% 2016/17 - 3.4% 2015/16 - 4.7%	7.6%	8.6%	Previously target was based upon average of 5 years performance + 1%. Current performance is at 7.4% therefore target set 1% higher. This will be a challenging target due to the low level of planned recruitment. National average 2018/19 was 4.3%

Human Resources						
	Performance Indicator	Frequency of Reporting	BFRS Historical Performance	BFRS Target 2019/20	BFRS Target 2020/21	Target setting Rationale
	The percentage of working time lost due to sickness (excludes RDS/On-Call)	Quarterly	2019/20 - 4.34% 2018/19 - 4.11% 2017/18 - 3.73% 2016/17 - 4.39% 2015/16 - 3.55% 2014/15 - 3.61%	4.2%	4.4%	The target is usually based on the 'median' average of public sector absence rate using XPertHR Annual Absence Rates Survey which is based on the findings of the previous year's absence. Therefore, the 2020 survey results are based on 2019 and does not include Covid-19 related absence or associated delays in NHS treatment. Absence rates are expected to increase due to longer waiting times for diagnostics and treatment – in December 2020 there were 224,205 patients waiting over 52 weeks to receive treatment, compared to 1,467 in December 2019. Given the lack of benchmark data reflecting C-19 related absence and the increase in NHS delays a target of 4.4% is proposed.
	The percentage of the RDS/On-Call workforce with 4 or more incidences of sickness in a 12-month period.	Quarterly	New target in 2019/20 – 3.39%	5%	5%	Due to the direct and indirect ongoing impact on health of Covid-19, the 2020/2021 target will be retained.
	Turnover excluding retirement or dismissals - Excluding RDS/On-Call	Annually	2020/21 - TBC 2019/20 - 3.88% 2018/19 - 4.30%		4%	Previous targets have been based on an average of the past 3 year's performance (rounded up) plus an additional %

		2017/18 - 2.67% 2016/17 - 3.59% 2015/16 - 4%	5%		dependent on current performance. Average = 4%, with current performance running at 3% so existing target should be reduced to 4%. Turnover may increase for operational staff due to the proposed pension remedy although this is unlikely in 2021/22. Turnover rates for Green Book staff may reduce due to the perceived stability of public sector employment during (and following) the pandemic. NOTE: National median turnover for 2019 (source XpertHR) was at 11.8% (private sector) and 11% public sector.
Turnover excluding retirement or dismissals -RDS/On-Call only	Annually	2020/21 - TBA 2019/20 - 6.78% 2018/19 - 13.23% 2017/18 - 18.69% 2016/17 - 9.36% 2015/16 - 9.93% 2014/15 - 10.7%	14%	13%	Target is usually based on the performance over the last 3 completed years (rounded up) + 1% given the volatile nature of RDS/On call turnover. Average performance for the past 3 years is 13%. Current performance is running at 8.6%. Given the unpredictable nature of RDS/On-Call employment and potential changes in On Call contracts, turnover may increase. Balancing out the above issues, suggest target is based on the average performance for the past 3 years. NOTE: National median turnover for 2019 (source Xpert HR) was at 11.8% (private sector) and 11% public sector.
Percentage of returned appraisal documents to HR within 3 months	Annually	2020 – 85.85% 2019 - 95.38% 2018 - 83.55%	80%	87%	Due to Covid-19 many appraisals had to be conducted remotely. The 2021/22 appraisal process has been designed to be

of reporting year (end September) All staff	(after Sept each year)	2017 - 92.80%			undertaken electronically and will incorporate the Service Values aligned to the NFCC Leadership framework. The target is to allow the workforce to embrace the new online approach.

Human Resources (Occupational Health)						
	Performance Indicator	**Frequency of Reporting**	**BFRS Historical Performance**	**BFRS Target 2020/21**	**BFRS Target 2021/22**	**Target setting Rationale**
Percentage of personnel in operational Roles who have completed an annual fitness assessment in the past 12 months (excluding secondments, career breaks and modified and LTS).		Annually	2020/21 - 2.25% 2019/20 - 95.8% 2018/19 - 99% 2017/18 - n/a 2016/17 - 98% 2015/16 - 98%	98%	98%	As a result of repeated national lockdowns, government restrictions on the opening of Service gyms and the operation of bubbles to ensure Covid secure working conditions for operational crews, the Service has been unable to conduct its full annual fitness testing cycle in 2020/21. Operational employees have been encouraged to maintain their physical fitness in line with Service standards. The 2020/21 target of 98% will be carried forward.
Percentage of operational personnel achieving a pass category in their annual fitness test		Annually	2020/21 - 90% 2019/20 - 100% 2018/19 - 99% 2017/18 - n/a 2016/17 - 97% 2015/16 - 95%	96%	96%	As explained above the Service has been unable to conduct its full annual fitness testing programme during 2020/21 because of Covid-19 restrictions. Whilst operational employees have been encouraged to maintain their physical fitness in line with Service standards, their fitness has not been formally assessed since 2019/20, therefore the 2020/21 target of 96% will be carried forward.

Percentage of 3 yearly medicals due in year completed	Annually	2020/21 - 0% 2019/20 - 84%	85%	85%	As a result of Covid-19 restrictions and Government guidance, all non-emergency medical appointments have been conducted remotely during 2020/21, this includes the 3 yearly medical programme. Therefore, the target of 85% will be carried forward to 2021/22 as it is hoped that with the vaccination roll-out and cessation of lockdowns, the in-person health surveillance programme will be reinstated.

ORGANISATIONAL DEVELOPMENT

Performance Indicator	Frequency of Reporting	BFRS Historical Performance	BFRS Target 2020/21	BFRS Target 2021/22	Target setting Rationale
Percentage of station based operational BA wearers that have attended an assessed BA course within the last 2 years	Quarterly	2020/21 - TBA 2019/20 - 97% 2018/19 - 99% 2017/18 - 99% 2016/17 - 98% 2015/16 - 98%	98%	98%	T1 - T6 cover safety critical operational training. Organisational expectation is to maintain a frequency based attendance for all ‘in scope’ personnel within these skillsets. Historical reporting shows 98% as stretch targets and that they remain a reasonable expectation, therefore unchanged for 2020/21 Covid-19 has had a significant impact on the ability to deliver safety critical training, however new ways of working are being continually developed to maintain staff training.
Percentage of EFAD qualified LGV drivers that have attended an EFAD course within the last 3 years	Quarterly	2020/21 - TBA 2019/20 - 95% 2018/19 - 100% 2017/18 - 100% 2016/17 - 98% 2015/16 - 99%	98%	98%	As T1 above
Percentage of station based operational staff that have attended WFR course within the last 3 years	Quarterly	2020/21 - TBA 2019/20 - 97% 2018/19 - 100% 2017/18 - 98% 2016/17 - 98% 2015/16 - 99%	98%	98%	As T1 above

Percentage of station based operational BA wearers that have attended Compartment Fire Behaviour course within the last 2 years	Quarterly	2020/21 - TBA 2019/20 - 97% 2018/19 - 100% 2017/18 - 99% 2016/17 - 98% 2015/16 - 98%	98%	98%	As T1 above
Percentage of watches/sections at BFRS stations that have at least 60% of operational personnel qualified in Trauma Care	Quarterly	2020/21 - TBA 2019/20 - 84% 2018/19 - 100% 2017/18 - 92% 2016/17 - 91% 2015/16 - 99%	98%	98%	As T1 above
Percentage of station based operational staff that have attended a Working at Height Operator or Supervisor Revalidation course within the last 3 years	Quarterly	2020/21 - TBA 2019/20 - 94% 2018/19 - 100% 2017/18 - 97% 2016/17 - 98% 2015/16 - 92%	98%	98%	As T1 above
Percentage of Flexible Duty Officers that have attended an Incident Command Assessment within the required frequency for their role	Quarterly	2020/21 - TBA 2019/20 - 96% 2018/19 - 96% 2017/18 - 100% 2016/17 - 100% 2015/16 - 92%	98%	98%	T7 covers command competence. Organisational expectation is to maintain a frequency based attendance for all 'in scope' personnel within these skillsets. Historical reporting shows 98% as stretch targets and that they remain a reasonable expectation, therefore unchanged for 2020/21. Target remains unchanged following the recommendations of Grenfell inquiry, however it should be noted that due to the number of FDS currently on the roster, 1 FDS failing to remain within the validation date will automatically result in a maximum 97% being attained.

Percentage of Safety Critical Maintenance training programmes completed by Whole-time Operational Personnel via PDR Pro within the last 12 months	Quarterly	2020/21 - TBA 2019/20 - 92% 2018/19 - 93% 2017/18 - 95% 2016/17 - 95% 2015/16 - 95%	92%	92%	T8 (a-e) covers e-learning completion and learning recording for operational roles. Organisational expectation is to maintain current competencies for all 'in scope' personnel. Historical reporting shows 92% as stretch targets and that they remain a reasonable expectation, therefore unchanged for 2020/21
Percentage of Safety Critical Maintenance training programmes completed by RDS/ On-Call Operational Personnel via PDR Pro within the last 12 months	Quarterly	2020/21 - TBA 2019/20 - 86% 2018/19 - 88% 2017/18 - 90% 2016/17 - 89% 2015/16 - 90%	90%	90%	There is currently a high number of new On-Call personnel, across the Service, some stations have multiple personnel in development. Due to these high numbers it has a negative impact on the performance target for their station, it is therefore proposed that this target is reduced from 92% to 90% for 2020/21 During the year 21/22 the Service will be undertaking a significant upgrade of our Personal Development Records software, and this move will support the better recording against core training pathways. The shift to a new training matrix will require future evaluation for reporting, but the historical target of 90% remains a reasonable expectation, therefore unchanged for 2020/21

Percentage of Safety Critical Maintenance training programmes completed by Control Personnel/WM Control via PDR Pro within the last 12 months.	Quarterly	2020/21 - TBA 2019/20 - 91% 2018/19 - 92% 2017/18 - 93% 2016/17 - 93% 2015/16 - 81%	90%	90%	Fire Control watch strengths are small in numbers, by having one new recruit in development on a watch impacts the overall targets achieved. It is therefore proposed that this target is reduced from 92% to 90% for 2020/21. During the year 21/22 the Service will be undertaking a significant upgrade of our Personal Development Records software, and this move will support the better recording against core training pathways. The shift to a new training matrix will require future evaluation for reporting, but the historical target of 90% remains a reasonable expectation, therefore unchanged for 2020/21
Percentage of Safety Critical Maintenance training programmes completed by Senior Management roles (SC to SOC) via PDR Pro within the last 12 months.	Quarterly	2020/21 - TBA 2019/20 - 92% 2018/19 - 93%	92%	92%	As T8a above
Percentage of Safety Critical Maintenance training programme completed by Watch Commander - Day Duty via PDR Pro within last 12 months	Quarterly	2020/21 - TBA 2019/20 - 86%	92%	92%	As T8a above

HEALTH &SAFETY						
	Performance Indicator	**Frequency of Reporting**	**BFRS Historical Performance**	**BFRS Target 2020/21**	**BFRS Target 2021/22**	**Target setting Rationale**
Number of serious accidents (over 28 days) per 1000 employees		Quarterly	2020/21 - TBA 2019/20 - 7.59 2018/19 - 5.66 2017/18 - 1.96 2016/17 - 0.00 2015/16 - 1.94	3.78	3.78	5 year average 2014-19 is 2.68. Target has been set to remain at 3.78 which was the target for the previous reporting period. Note - One serious accident resulting in an over 28 day injury equates to 1.96. Two would equate to 3.92 and be graded amber; three equates to 5.88 and be graded red.
Number of working days/shifts lost to accidents per 1000 employees (excluding RDS//On-Call employees)		Quarterly	2020/21 - TBA 2019/20 - 833.67 2018/19 - 374.52 2017/18 - 243.93 2016/17 - 131.57 2015/16 - 436.01	291.15	291.15	5 year average 2014-19 is 289.66. Target has been set to remain at 291.15 which was the target for the previous reporting period.
Number of 24 hour cover periods lost to accidents per 1000 RDS/On-Call employees.		Quarterly	2020/21 - TBA 2019/20 - 1918.49 2018/19 - 382.27 2017/18 - 69.46 2016/17 - 4091.61 2015/16 - 2703.69	703.62	703.62	5 year average 2014-19 is 1554.66. Target has been set to remain at 703.62 which was the target for the previous reporting period. Note - The very high figures for 2015/16 and 2016/17 create a high 5 year average 2013-18 and therefore would increase the target significantly. Cover periods are now calculated in hours using the Gartan availability system which will provide more accurate reporting.

5. Utilising Performance

FLEET					
Performance Indicator	**Frequency of Reporting**	**BFRS Historical Performance**	**BFRS Target 2020/21**	**BFRS Target 2021/22**	**Target setting Rationale**
Grade A Defect Response Time (within 1 hour)	Quarterly	2020/21 - TBA 2019/20 89.6% 2018/19 92.45% 2017/18 89% 2016/17 95% 2015/16 91%	90%	90%	Workshops targets will remain the same as the previous year. Note: If two Grade defects logged at the same time, the duty mechanic will not meet the target due to travel distances. The implementation of the electronic fleet management system will provide further data to review all the targets.
Grade A Defect Response Time (within 2 hours)	Quarterly	2020/21 - TBA 2019/20 97.81% 2018/19 100% 2017/18 97% 2016/17 99% 2015/16 97%	95%	95%	
The percentage of time when Rescue Pumping Appliances were unavailable for operational use due to an annual service, defect or other works. (Turnaround Time)	Quarterly	2020/21 - TBA 2019/20 1.94% 2018/19 2.51% 2017/18 2.43% 2016/17 2.29% 2015/16 2.47%	5%	5%	
The percentage of time when Aerial Appliances and SRU were unavailable for operational use due to an annual service, defect or other works. (Turnaround Time)	Quarterly	2020/21 - TBA 2019/20 2.8% 2018/19 3.33% 2017/18 2.91% 2016/17 3.06% 2015/16 3%	5%	5%	

The percentage of time when other operational appliances were unavailable for operational use due to an annual service, defect or other works. (Turnaround Time)	Quarterly	2020/21 - TBA 2019/20 0.54% 2018/19 0.51% 2017/18 0.28% 2016/17 0.37% 2015/16 0.51%	3%	3%	Target to stay the same, additional work such as upgrade to onboard systems, MDT fitment and stowage alterations for new equipment impact this target.
The number of hours as a percentage the appliance is unavailable for operational response in the reporting period, other than for the time measured under the turn-a-round time. (Idle time)	Quarterly	2020/21 - TBA 2019/20 1.06% 2018/19 1.23% 2017/18 0.86% 2016/17 0.86% 2015/16 1.05%	2%	2%	As above
The total time expressed as a % when ALL Appliances were available for operational use after the turn-a-round time and idle time are removed from the total time in the reporting period	Quarterly	2020/21 - TBA 2019/20 97.71% 2018/19 97.24% 2017/18 97.67% 2016/17 98% 2015/16 98%	93%	93%	As Above
Annual Services undertaken	Quarterly	2020/21 - TBA 2019/20 100% 2018/19 100% 2017/18 100% 2016/17 100% 2015/16 100%	97%	97%	Target to remain the same as previous year.

6. Maximising Performance

FINANCE

Performance Indicator	Frequency of Reporting	BFRS Historical Performance	BFRS Target 2020/21	BFRS Target 2021/22	Target setting Rationale
Budget requirement of Fire and Rescue Service (£ per 1,000 population). Performance Indicator to be used for information only	Annually	2020/21 - TBA 2019/20 £44.89 2018/19 £44.45 2017/18 £43.39 2016/17 £43.69 2015/16 £44.30	N/A	N/A	Annual Budget The indicator is based on our budget requirement divided into projected population.
Accuracy of net budget forecast outturn at periods 6 & 9 (Sept and Dec) against actual outturn - variance between forecast and actual outturn	Annually	2020/21 Per 6 - TBA 2020/2h1 Per 9 - TBA 2019/20 Per 6 £186k 2019/20 Per 9 £99k 2018/19 Per 6 £465k 2018/19 Per 9 £546k 2017/18 Per 6 £396k 2017/18 Per 9 £14k 2016/17 Per 6 £192k 2016/17 Per 9 £192k	Period 6 - Less than £600,000 Period 9 - Less than £600,000	Period 6 - Less than £600,000 Period 9 - Less than £600,000	Value for Money Indicator P13 - The Audit Commission use a 2% materiality limit when auditing the accounts, so this has been applied to our budget requirement, and identifies the target as £600,000. Target was met in previous year's outturn, compared to estimates at prior periods.
Percentage of routine financial reports distributed within 6 working days of period-end closure	Quarterly	2020/21 - TBA 2019/20 100% 2018/19 100% 2017/18 100% 2016/17 100% 2015/16 100%	90%	90%	Value for Money Indicator P12Out of 12 budget manager reports distributed each financial year, one miss would be 8.33%, so this has been rounded down to 90%.

Compliance of annual statement of accounts processes with statutory timescales and quality criteria	Annually (September)	2020/21 - TBA 2019/20 100% 2018/19 100% 2017/18 100% 2016/17 100% 2015/16 100%	100%	100%	CPA/CAA Use of Resources Assessment and CIPFA Benchmarking Aim to achieve continuing compliance with all statutory timescales and quality criteria.
Percentage of uncontested invoices paid within 30 days	Quarterly	2020/21 - TBA 2019/20 95.14% 2018/19 96.06% 2017/18 95.17% 2016/17 96% 2015/16 96%	96%	96%	Best Value Performance Indicator 8Target decreased from 97% to 96% in 2017/18 as 97% is currently unlikely to be achieved
Percentage of outstanding debt over 90 days old	Quarterly	2020/21 - TBA 2019/20 0.94% 2018/19 0.16% 2017/18 3.88% 2016/17 5.43% 2015/16 1.54%	Less than 1.5%	Less than 1.5%	Value for Money Indicator S18Less than 1.5% to be set as 2020/21 target.
Percentage of annual planned efficiency savings achieved by year end	Annually	2020/21 - TBA 2019/20 80% 2018/19 88% 2017/18 87% 2016/17 92% 2015/16 100%	100%	100%	Local Aim to achieve total of budgeted efficiency target within 2020/21
Return on investment	Annually	2020/21 - TBA 2019/20 1.13% 2018/19 0.94% 2017/18 0.73% 2016/17 0.86% 2015/16 0.84%	1.075%	0.9%	Due to the current low Bank of England (BoE) base rate and the possibility of a negative interest being imposed by the BoE this measure has been reduced for 2021/22

INFORMATION AND COMMUNICATION TECHNOLOGY					
Performance Indicator	**Frequency of Reporting**	**BFRS Historical Performance**	**BFRS Target 2020/21**	**BFRS Target 2021/22**	**Target setting Rationale**
The Number of Incidents on Mission Critical services resolved within 1 Hour (P1)	Quarterly	2020/21 - TBA 2019/20 100% 2018/19 100% 2017/18 96% 2016/17 92% 2015/16 100%	92%	95%	Mission Critical systems take priority for ICT Resources. Target has been increased to reflect the stability of the recent ICT hardware improvements.
The Number of Incidents on Business Critical services resolved within 2 Hours (P2)	Quarterly	2020/21 - TBA 2019/20 87.5% 2018/19 100% 2017/18 100% 2016/17 99% 2015/16 100%	97%	97%	Target based on Services SLA. Performance has exceeded target since 2014/15. The 2021/22 target acknowledges that resources may be diverted to Mission Critical Incidents and Projects. The small number of incidents of this type makes the impact of a single incident on performance significant.
The Number of Incidents on Business Critical services resolved within 4 Hours (P3)	Quarterly	2020/21 - TBA 2019/20 90% 2018/19 98% 2017/18 98% 2016/17 100% 2015/16 100%	95%	95%	Target based on Services SLA. Performance has exceeded target since 2014/15. The 2021/22 target acknowledges that resources may be diverted to Mission Critical Incidents and Projects. The small number of incidents of this type makes the impact of a single incident on performance significant.
The Number of Incidents on Administration Services	Quarterly	2020/21 - TBA 2019/20 100%	93%	93%	Target based on Services SLA. The highest proportion of incidents fall into this

resolved within 8 Hour (P4)		2018/19 98% 2017/18 93% 2016/17 93% 2015/16 94%			category. The anticipated draw on resources to support priority projects again throughout 2021/22 is expected to reflect in the performance outcome for these lower category incidents therefore 93% is a challenging target.
Core ICT services availability (P5)	Quarterly	2020/21 - TBA 2019/20 90% 2018/19 100% 2017/18 100% 2016/17 100% 2015/16 100%	98%	98%	Target meets the agreement for levels of Service from ICT Catalogue of Services. Core ICT availability median 98%.
Business Applications Availability (P6)	Quarterly	2020/21 - TBA 2019/20 100% 2018/19 100% 2017/18 100% 2016/17 100% 2015/16 100%	98%	98%	Target meets the agreement for levels of Service from ICT Catalogue of Services. Core ICT availability median 98%

ANDREW HOPKINSON
DEPUTY CHIEF FIRE OFFICER

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For Publication

Bedfordshire Fire and Rescue Authority
23 March 2021

REPORT AUTHOR: **DEPUTY CHIEF FIRE OFFICER**

SUBJECT: **PERFORMANCE REPORT QUARTER 3 of 2020/21 (April 2020 to December 2020)**

For further information on this report contact: Paul Hughes
Head of ICT & Programmes
Tel No: 01234 84 5015

Background Papers: Previous performance reports

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known		OTHER (please specify)	
	New			

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To present a summary of organisational performance at the end of the Quarter 3 of the financial year 2020/21.

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Agenda Item 8

RECOMMENDATIONS:

That Members:

1. Acknowledge and comment on the Service's performance against the delivery of the Authority's Community Risk Management Plan (CRMP) at the end of Quarter 3 and consider any issues arising;
2. Approve the publication of the report on the Service website, subject to any amendments required.

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1. Background

1.1. Both operational and corporate performance is monitored and managed internally via the monthly Corporate Management Team (CMT) Forum. Historically, the Fire and Rescue Authority has scrutinised performance on a quarterly basis via meetings of the three Policy and Challenge Groups (PCG), with the Chair of each PCG reporting separately to meetings of the full Authority. For 2020/21, Members agreed to receive a combined performance report covering all areas of operational and corporate performance.

1.2. The Key Performance Indicators (KPI) and targets included within the report reflect those established as part of the Authority's 2020/21 planning cycle, and in support of the strategic aims set out in the Authority's Community Risk Management Plan 2020/21 (CRMP):

- Section 3-5: Preventing, Protecting and Responding (Service Delivery);
- Section 6: Utilising and Maximising (Corporate Services);
- Section 7: Empowering (Human Resources)

1.3. One of the strategic priorities set out in the CRMP is to enable better access to data and performance insight as doing so will help empower staff to greater ownership for delivering performance improvements at a local level. To support this strategic priority, the Service is undertaking a comprehensive review of how it captures and utilises the broad range of risk and performance data available.

1.4. This report contains a revised and expanded set of Service Delivery KPIs that are aligned to the service delivery aims of the CRMP, namely Preventing, Protecting and Responding. These KPIs are drawn from a greatly expanded set of over 220 KPIs measuring both output and outcome performance across the Prevention, Protection and Response areas of the Service. They have been devised to give a Service level view of performance but also allow 'drill-down' to local levels and, where applicable, they are aligned to the measures used by the Home Office and Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) to benchmark performance between other fire and rescue services.

1.5. It is likely that this performance report will continue to evolve during 2020/21 as work continues to expand the technical capabilities of the Business Information Team and increase the breadth and availability of risk and performance information.

2. Performance Reporting by Exception

2.1. The following sections of the report present an overview of performance in key areas of the Service, providing explanatory narrative on specific operational and corporate indicators where performance was notably strong or where additional work is required to secure improvement.

2.2. Service Delivery performance is presented from 3 perspectives:

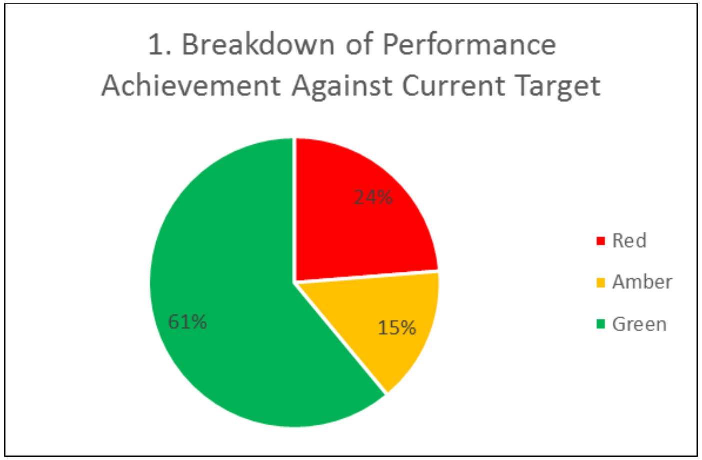
- by comparison against the annual target levels;
- by comparison with performance at the same point last year; and
- by comparison with the 5-year average.

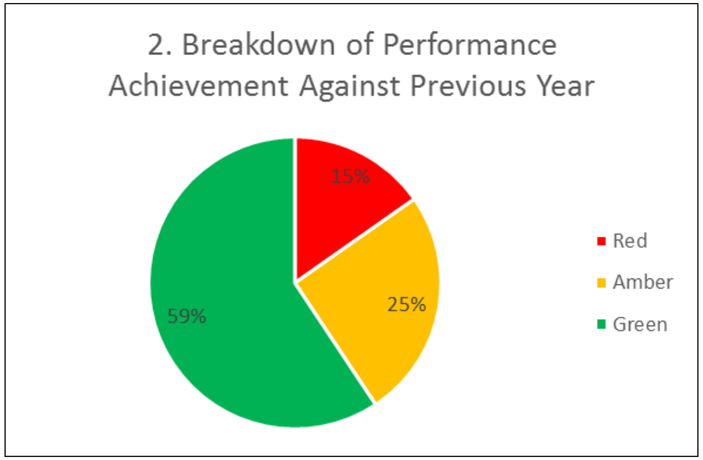
2.3. The status of each measure is noted using the following key:

Colour Code	Exception Report	Status
GREEN	n/a	Met or surpassed target
AMBER	Required	Missed but within 10% of target
RED	Required	Missed target by greater than 10%
Note: It should be noted that all targets are represented as 100% of the target for that period and the actual as a percentage of that target.		

3. Management Summary

3.1. The pie charts below provide a summary of all KPIs from two perspectives; by comparison to the targets set by the FRA, and by comparison to the level of performance at the same point the previous year.





3.2. Both perspectives show the majority of KPIs met or surpassed either their target or the level achieved at the end of Quarter 3 the previous year. This is particularly notable, given the challenges presented by the Covid19 pandemic, and shows we are making Bedfordshire safer.

3.3. Some key performance exceptions include:

- Slight rise in the number of people injured and requiring hospital treatment;
- A small rise in the number of deliberate dwelling fires;
- Safe & Well visits below target but, notably, more were delivered than the previous year despite Covid restrictions;
- Lower numbers of Protection inspection/audit activity due to the lockdown restrictions on visiting premises;
- A rise in the number of automatic fire detector false alarms in non-domestic properties;
- An increase in ‘special service’ incidents, due mainly to the work support EEAST;
- A improvement in on-call appliance availability on 2019/20 albeit still below target;
- Improvements in levels of overall staff absence but with 7 accidents at work leading to a rise in shifts lost;
- Work to catchup the backlog in training activity turning more competence KPIs to amber and green;
- Some slippage in financial report processing and the level of outstanding debt more than 90 days old.

PREVENTION

Performance Indicator	Objective	2020/21 Q3 Actual	2020/21 Q3 Target	Actual v Target	2019/20 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
Total number of primary fires	Down	568	727.5	21.92%	724	21.54%	779.4	27.12%
Number of (primary) fire fatalities	Down	2	<4	33.33%	0	n/a	1.8	-11.11%
Number of (primary) fire injuries where victim went to hospital	Down	22	19.5	-12.82%	19	-15.79%	15.6	-41.03%
No. of Deliberate (Arson) Fires	Down	351	536.25	34.54%	590	40.51%	703	50.07%
Total number of primary fires - dwellings - accidental	Down	231	260.25	11.24%	253	8.70%	271.4	14.89%
Total number of primary fires - dwellings - deliberate	Down	27	22.5	-20.00%	16	-68.75%	25.2	-7.14%
Total number of primary fires - other buildings - deliberate	Down	31	35.25	12.06%	40	22.50%	37.8	20.63%
Number of delivered Safe and Well visits	Up	4473	7500	-40.36%	4155	7.65%	n/a	n/a
Total number of secondary fires	Down	738	727.5	-1.44%	789	6.46%	811.6	9.07%

Commentary:

Number of (primary) fire fatalities

As previously reported in Q2 BFRS attended a caravan fire on 21 August 2020 in which a deceased adult was found. BFRS is awaiting information from the Coroner in relation to the inquest. In Q3 on 19 October BFRS attended a bungalow fire in Kempston at which the elderly occupant was rescued but subsequently died from their injuries. Tragically, having originally escaped from the property, against advice from Fire Control the occupant re-entered the property in an attempt to rescue a family pet. The fire investigation determined that the fire was caused accidentally as a result of cooking. The inquest for this death has now taken place and the Coroner has determined the cause of death as accidental as a result of smoke inhalation. In Q3 the Service significantly increased the number of safe and well visits delivered, which aim to reduce accidental dwelling fire risks and has been promoting cooking safety via social media.

Number of (primary) fire injuries where victim went to hospital

Q1-Q3 performance is 12.82 % worse than target. In Q3 there were 6 injuries, which is within target for that period, however the poor performance in Q1-Q2 previously reported meant that the cumulative target has been missed. It should be noted that numbers of fire injuries are subject to natural fluctuations and that while there have been more injuries compared to the same period last year, there have been fewer fires. Information on the fire injuries has been provided to service delivery managers to support local prevention initiatives. In Q3 the Service significantly increased the number of safe and well visits delivered, which aim to reduce accidental dwelling fire risks.

Total number of Deliberate Arson Fires

Q1-Q3 performance is 35% better than linear target. When seasonal trend is considered (over last five years 83% of annual total deliberate fires occurred Q1-Q3), performance projection is 41% better than whole year target. This can be appreciated by comparing this Q1-Q3total to the previous year and 5 year average. This reduction in fires may be influenced by Covid-19 with greater supervision of young people and less people outdoors in the community.

Total number of primary fires - dwellings – deliberate

The number of deliberate primary dwelling fires is 20% worse than target. Analysis of the 27 primary dwellings fires for Q1-Q3 shows one repeat location in Bedford Borough with two fires and one repeat location in Luton Borough with three fires. All bar five of the 27 primary dwelling fires are being investigated by the police as either 'arson' or 'arson with intent to endanger life'. A breakdown of the fires reveals that 10 have been at houses of single occupancy with 2 of those being deliberate own property. 2 have been in dwellings of up to 2 storeys with one of those being deliberate own property. 10 have been at dwellings of up to 3 storeys with one of those being deliberate own property. The repeat location in Bedford Borough is 3 storey dwelling. The repeat location in Luton Borough is a dwelling of 4-9 storeys. Where appropriate Arson Reduction Officers have visited the scenes and taken action as appropriate to prevent further offences.

Number of delivered Safe and Well visits

The number of visits delivered is 40% below the target set. In Q1 lockdown resulted in far fewer Safe and Well visits being delivered in order to minimise COVID-19 transmission risks. In Q2 with smarter controls being adopted, the Service progressively increased its prevention activity whilst taking appropriate measures to protect staff and the community from Covid-19 risks. In Q3 the Service delivered 2460 visits which is 92% more than in the same period last year. Depending upon risk and circumstances, visits are now either delivered by telephone, at the doorstep or by entering the premises. Our new online referral portal launched in August 20 has proved to be an effective tool. By the end of Q3 400 visits had been delivered in response to requests entered via the portal and of these 75% were households with no working smoke alarm.

Total number of secondary fires

The number of secondary fires is 1.44% worse than linear projection for the full year target. However, secondary fires show a strong seasonal trend, with 86% of all secondary fires over the last 5 years occurring in Q1-Q3. When this seasonal trend is considered, performance projection is actually better than whole year target. This can be appreciated by comparing this Q1-Q3 total against the same period last year and the five year average. As reported at previously untypical patterns have been apparent this year with reductions in deliberate secondary fires and increases in accidental secondary fires, predominantly those involving burning rubbish/garden waste which are likely to be related to Covid e.g. associated with disruption to garden waste collections and closing of public waste recycling centres.

PROTECTION

Performance Indicator	Objective	2020/21 Q3 Actual	2020/21 Q3 Target	Actual v Target	2019/20 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
% of Building Regulations consultations completed on time	Up	87%	95%	-8.42%	95%	-8.42%	95%	-8.42%
Total Fire Safety Audits/inspections completed	Up	1251	1350	-7.33%	1227	1.96%	1409.8	-11.26%
Total number of primary fires in non-domestic buildings	Down	69	99.75	30.83%	98	29.59%	108.4	36.35%
The number of automatic fire detector false alarms in non-domestic properties	Down	476	412.5	-15.4%	433	-9.93%	610.4	22.02%

Commentary:

% of Building Regulations consultations completed on time

The target for completing Building Regulations consultations has been missed with forty out of 300 consultations taking more than 15 working days to complete. This included a batch of 19 applications all pertaining to a single premises which arrived simultaneously where the response exceeded the required turnaround by one day. There is currently a limited number of specialist staff competent to undertake this work, and development courses for newer staff have been postponed by the provider as a result of the pandemic. Remote working arrangements are also some impact on the speed with which incoming work can be processed.

Total Fire Safety Audits/inspections completed

The number of fire safety inspections and audits delivered is 7% below target. This is due to the impact of Covid-19 restrictions on delivery in Q1 and Q2. Since social distancing measures began the Service has taken a risk based approach to delivery of protection work in line with national NFCC guidance. From Q2 with smarter controls being adopted, the Service has progressively increased its protection activity whilst taking appropriate measures to protect staff and the community from Covid-19 risks. Specialist staff have focused audits on higher risk premises such as care homes and hotels and the Service is on track with inspections of high rise residential premises under the Government Building Risk Review programme. In Q3 operational staff undertook basic checks on licensed premises and shops. Q3 saw two prohibition notices, two enforcement notices and one alterations notice served.

The number of automatic fire detector false alarms in non-domestic properties

The Q1-Q3 target has been missed by 15%. In Q1 performance was ahead of target, which may have been due to fewer premises being occupied as a result of Covid measures. However, in Q2 & Q3 the number of incidents has risen to levels higher than in the same period of the previous year. The two main hospitals in the county accounted for 14% (69 incidents) of all incidents attended. Care homes were the next highest category at nearly 6% (28). Bedford town area accounted for 40% of incidents (190), with Luton next at 32% (154). The Service looks to reduce attendance to this type of false alarm through call handling. There is no automatic attendance made to calls originating from AFD alarms during office hours in lower risk premises - there is questioning by Control staff as to the cause of the alarm before a decision is taken to mobilise resources. Investigation suggests that during the COVID-19 pandemic, when call handling it has been more difficult to identify whether premises are occupied and the number of occasions where no mobilisation takes place has reduced. The protection team also takes action on any individual premises identified as having unacceptably high levels of fire alarm system related false alarms.

RESPONDING

Performance Indicator	Objective	2020/21 Q3 Actual	2020/21 Q3 Target	Actual v Target	2019/20 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
Total Emergency Calls received	Down	n/a	Monitor Only	n/a	n/a	n/a	n/a	n/a
Total Incidents	Down	4634	Monitor Only	n/a	4622	-0.26%	4690.2	1.20%
Total Fires	Down	1318	Monitor Only	n/a	1538	14.30%	1639.2	19.59%
Total Special Services	Down	1347	Monitor Only	n/a	1242	-8.45%	1129.4	-19.27%
Total False Alarms attended	Down	1969	Monitor Only	n/a	1842	-6.89%	1921.6	-2.47%
% of emergency calls answered within 7 seconds	Up	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average Call Handling Time (Bedfordshire incidents)	Down	161	Monitor Only	n/a	152.67	-5.46%	188.00	14.36%
Average response time to primary fires (Sec)	Down	558	600	7.00%	602.13	7.33%	592.38	5.80%
Average response time to secondary fires (Sec)	Down	615	1200	48.75%	598.49	-2.76%	608.53	-1.06%
Average response time to RTCs (Sec)	Down	661	780	15.26%	638.13	-3.58%	629.88	-4.94%
RDS availability of 1st pump - primary available or alternate available	Up	70.70%	90%	-21.44%	67.68%	4.47%	67.60%	4.59%
% of time whole-time global crewing availability enabled 9 riders on 2 pump responses	Up	98.11%	90%	9.01%	98.97%	-0.87%	96.26%	1.92%

Commentary:

Total Special Services

Whilst we continue to show that the total number of incidents is declining, total Special Services is increasing. This has been reported previously as a consequence of the Service actively looking at new areas of response, such as assistance to forced entry for medical emergencies, falls response and our focus on complex patients and technical rescues. There are also more requests being received to support colleagues within East of England Ambulance Service Trust (EEAST) with rescues due to the challenges that, in part, is being created by the ongoing pandemic. Whilst incident increase could indicate a contra indicator, at this particular time this could evidence how BFRS is meeting is aim: ‘providing outstanding fire and rescue services that help make Bedfordshire safer’.

Average Response Times to Primary Fires

Q3 data currently shows average time to attend all Primary fires within 10 minutes (600 secs) has been achieved by 7% (558 secs). This is an improvement over the previous year and the 5 year average. Work continues to challenge and review data to ensure the most accurate understanding of our response performance is presented.
Of note, data relating specifically to Primary dwelling fires – where the risk of injury would be assessed as high – has a current average time of 507 seconds, improved by 6% from last year (537 secs) and 15.5% better than target (600 secs).

RDS (On-Call) availability of 1st pump

Members will already note that our On Call availability performance measure of 90% has been set as a stretch target. Q3 figures of 70.7% shows as a 3% improvement on the previous year and of the 5 year average, however this is 3% lower than the performance reported in Q2. We previously reported that the availability seen in Q1 (reported as 84.4%), during the time of initial pandemic restrictions, would not be sustainable and this data supports this.
Our year to date performance of actual overall availability against the contracted availability is at 79%, against a target of 85%, which is seen as positive given the latest challenges presented by the pandemic on staff availability.
We continue to work toward implementing new ways of working that support On-Call firefighter staff and improve availability of appliances, alongside continued engagement with recruitment and retention. In 2020-21 we have recruited and trained 9 On-Call firefighters, who will join stations from February. A course planned for June 2020 was lost due to the pandemic. Members will have seen that we have commenced a significant new recruitment campaign from January 2021 using our Service value ‘Dare to be Different’.

EMPOWERING

Human Resources								
Performance Indicator	**Objective**	**2020/21 Q3 Actual**	**2020/21 Q3 Target**	**Actual v Target**	**2019/20 Q3 Actual**	**Actual vs Previous Year**	**5 year average**	**Actual v 5 year Average**
The percentage of working time lost due to sickness (excludes RDS/On-Call)	Down	3.49%	4.2%	16.98%	4%	22.06%	4%	12.47%
The percentage of the RDS/On-Call workforce with 4 or more incidences of sickness in a 12 month period	Down	2%	5%	52.93%	3%	32.44%	3%	32.44%
Turnover excluding retirement or dismissals - Excluding RDS/On-Call	Down	Q4	5%	n/a	0	n/a	4%	n/a
Turnover excluding retirement or dismissals - RDS/On-Call only	Down	Q4	14%	n/a	0	n/a	12%	n/a

Commentary:
We are below target for both general sickness and On-Call staff sickness, the figures being particularly low for short term sickness for green book staff. Possible reasons for this continue to be the increase in homeworking due to Covid (easier to WFH rather than attend the office when feeling mildly unwell), and absence due to Covid-related symptoms/self-isolation being recorded separately which is likely to have a positive impact on the figures. We continue to have a number of long term sickness cases which are being managed and supported in line with Service policy, though unfortunately Covid seems to be leading to some delays with treatment. Long term sickness has a significant impact in the control figures as it is a small team and so the % lost will be high when there is even a single LTS case.

Organisational Development

Performance Indicator	Objective	2020/21 Q3 Actual	2020/21 Q3 Target	Actual v Target	2019/20 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
Percentage of station based operational BA wearers that have attended an assessed BA course within the last 2 years	Up	92%	98%	-6.12%	99%	-7.07%	99%	-7.15%
Percentage of EFAD qualified LGV drivers that have attended an EFAD course within the last 3 years	Up	90%	98%	-8.16%	100%	-10.00%	100%	-9.64%
Percentage of station based operational staff that have attended WFR course within the last 3 years	Up	92%	98%	-6.12%	94%	-2.13%	98%	-5.69%
Percentage of station based operational BA wearers that have attended Compartment Fire Behaviour course within the last 2 years	Up	88%	98%	-10.20%	99%	-11.11%	99%	-11.11%
Percentage of watches/sections at BFRS stations that have at least 60% of operational personnel qualified in Trauma Care	Up	88%	98%	-10.20%	94%	-6.38%	94%	-6.18%
Percentage of station based operational staff that have attended a Working at Height Operator or Supervisor Revalidation course within the last 3 years	Up	71%	98%	-27.55%	99%	-28.28%	96%	-25.68%
Percentage of Flexible Duty Officers that have attended an Incident Command Assessment within the required frequency for their role	Up	96%	98%	-2.04%	96%	0.00%	99%	-3.23%
Percentage of Safety Critical Maintenance training programmes completed by Whole-time Operational Personnel via PDR Pro within the last 12 months	Up	93%	92%	1.09%	93%	0.00%	94%	-1.06%

Percentage of Safety Critical Maintenance training programmes completed by RDS/ On-Call Operational Personnel via PDR Pro within the last 12 months	Up	87%	90%	-3.33%	87%	0.00%	88%	-0.68%
Percentage of Safety Critical Maintenance training programmes completed by Control Personnel/WM Control via PDR Pro within the last 12 months.	Up	89%	90%	-1.11%	96%	-7.29%	93%	-3.89%
Percentage of Safety Critical Maintenance training programmes completed by Senior Management roles (SC to SOC) via PDR Pro within the last 12 months.	Up	92%	92%	0.00%	93%	-1.08%	93%	-1.29%
Percentage of Safety Critical Maintenance training programme completed by Watch Commander - Day Duty via PDR Pro within last 12 months	Up	94%	92%	2.17%	93%	1.08%	93%	1.08%

Commentary:

As reported in the previous quarter's the Service's performance against our targets for training as been affected by Covid-19 outbreak. In support of Government guidance on social distancing the Service continues to limit the movement of staff, preventing further spread of the infection and to protect our frontline operational response. During the first lockdown a suspension of centrally delivered training and assessment was approved by the Service and since then central training activity has been reintroduced with strict Covid-19 controls in place to protect staff and safeguard frontline response. This has decreased the normal efficiency of the delivery of training and assessment as student number have been reduced and operational crews have been limited to training in their section 'bubbles'. The Service continues to manage any potential impact on individuals' skill degradation through local intervention and monitoring to support extensions to the normal skill certifications for operational personnel.

The Service has returned to centrally delivered training and assessment utilising Covid-19 safe procedures and the return to training was delivered on a risk assessed basis, initially focusing on core Breathing Apparatus and Driving assessments. The training team have also taken the opportunity to employ new ways of working some of our courses, for example:

- ICL 1R – Complete virtual delivery
- ICL2&3 – Moved to outdoor format
- BAICR – virtual delivery on MS Teams
- MD1R – virtual and station bubble lead.
- Recruit Training – Small bubble aligned delivery.

Due to robust new Covid-19 safe procedures, Service Training and Development Centre has continued to deliver core courses as the local area has moved through Tier 3 and into the new national lockdown. Instructors continue to support training peripatetically, utilise virtual environments, support enhancements to E-learning, and the deliver critical core skills for those most in need.

Despite the extension to skill certification the figures listed below are those based on regular KPI compliance to facilitate an accurate comparison to best judge the effect of Covid-19. As we go forward towards 2021 the training team commitment is focusing on how to reach the level of training and assessments carried out in previous years.

T1 - Percentage of operational BA wearers (Station based) that have attended an assessed BA course within the last two years.

Covid-19 secure BAR courses resumed in August 20, and progress has been made in delivering revalidation assessments for the watch/section bubbles where individuals are most out of date.

T2 - Percentage of EFAD qualified fire-fighters that have attended EFAD Assessment course within the last three years

Some capacity in our driver training section has been utilised to support the work of our colleagues at EEAST, but driver training has posed particular problems for delivery due to the inherent inability to socially distance with a vehicle. Additionally, training capacity has been lost as all SDIs have had time away from work due to self-isolation.

T3 - Percentage of station based operational staff that have attended a Water First Responder or Water Technician course within the last three years

Covid-19 safe procedures for water courses have now been agreed and water courses resumed in November 2020.

T4 - Percentage of operational BA wearers (station based) that have attended Compartment Fire Behaviour course within the last two years

Resumption of CFBT courses had been delayed due to ongoing work to reach an agreement of joint Covid-19 secure procedures with LLA. Bubble aligned training resumed in November 2020 and focused on targeting those most out of date, this has seen a 14% improvement since last quarter.

T5 - Percentage of station based operational Emergency Care for Fire and Rescue trained personnel that have attended a requalification course within the last three years.

Due to the course nature establishing jointly agreed Covid-19 safe procedures for the protection of BFRS staff and training provider has been challenging. New accredited training model has been established and is ready to be resumed at such time the national and regional risk level decreases.

T6 - Percentage of station based operational Working at Height Operators that have attended a Working at Height

recertification assessment within the last three years.

Resumption of training after Covid-19 suspension has focused initially on core BA and recruit training due to limited instructor availability.

T7 - Percentage of Flexible Duty Officers that have attended an Incident Command Assessment within the required frequency for their role.

All levels of Incident Command assessment have now resumed, however some planned courses were cancelled due to participants self-isolating or being deployed to Covid-19 response work.

T8b - Percentage of Safety Critical Maintenance training programmes completed by On-Call Operational Personnel via PDR Pro within the last 12 months.

Of the 11 On Call sections – 3 met or exceeded their target. On Call practical training opportunities have been impacted by the effects of Covid-19.

T8c - Percentage of Safety Critical Maintenance training programmes completed by Control Personnel/WM Control via PDR Pro within the last 12 months.

A suite of 26 new Control specific Learnpro modules and assessments have been recently delivered to Control personnel. This has had a negative effect on the overall KPIs but a 6% improvement has been noted from Q3.

Health & Safety

Performance Indicator	Objective	2020/21 Q3 Actual	2020/21 Q3 Target	Actual v Target	2019/20 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
Number of serious accidents (over 28 days) per 1000 employees	Down	1.87	2.835	33.88%	7.59	75.30%	1.02	-84.37%
Number of working days/shifts lost to accidents per 1000 employees (excluding RDS//On-Call employees)	Down	213.93	218.625	2.15%	828.15	74.17%	113.87	-87.87%
Number of 24 hour cover periods lost to accidents per 1000 RDS/On-Call employees.	Down	3642.97	527.715	-590.33%	878.49	-314.68%	410.76	-786.88%

Commentary:

H3 Number of 24 hour cover periods lost to accidents per 1000 RDS/On-Call employees. There have been 6 workplace injuries up to the end of quarter 3 involving RDS / on-call personnel. The injuries reported resulted in a total number of cover periods lost of 7.73. The target has been missed due to a burn injury sustained during hot fire training in October 2019. This injury resulted in long term sickness since the event took place. If the cover periods lost due to this injury were removed from this data the H3 Quarter 3 actual figure would be well within target.

Homeworking DSE's

125 homeworking DSE's have been completed. Some of the issues were resolved easily with advice and/or the provision of equipment already available within the organisation. The majority of outstanding issues are associated with equipment which have collated and actioned by the BFRS laptop rollout currently ongoing.

Covid risk assessments

A total of 39 specific location and activity risk assessments have been completed and approved by the HSA. These are available to view through the Covid cell area on sharepoint. A further 15 general activity risk assessments associated with Covid have been completed covering activities associated with returning to work, collaboration working (EEAST), training, recruitment and activities covered under the TPA.

All risk assessments are considered 'live' documents and are reviewed regularly to reflect any developments nationally or locally and changes in activities, personnel, risk level etc.

Covid response review

Internal review. An internal review is to be carried out by the HSA auditing the Covid response following outbreaks within BFRS. The audit will identify sreas of good practice and any shortfalls that may require further action.

External Covid assurance audit. An external review is also to be commissioned. A COVID-assurance audit carried out by the British Safety Council (BSC) is available and was commissioned by CFRS at a cost of £3500. The 3-day audit looked at documents, carried out interviews with staff, union reps and stakeholders from across CFRS and visited various stations.

Contaminants working group

The contaminants working group has continued to meet monthly and has progressed the following workstreams:

1. The trial, selection and procurement of a half mask respirator for personal issue. These have been ordered and the Service awaits delivery.

2. The procurement of Quantafit Controlled Negative Pressure (CNP) face fit equipment.

3. Selection of training provider to deliver a Fit2Fit approved CNP face fit course. Quote provided for up to 6 delegates to be held a TC HQ.

4. The issue of a contaminants bag to all rescue pumps and FDS officers.

5. The procurement and issue of robust steel containers housed externally for the separation of clean and contaminated fire kit.

6. The provision of information to firefighters through the Blue Bulletin, posters, the H&S focus group meetings and the FBU.

UTILISING

Performance Indicator	Objective	2020/21 Q3 Actual	2020/21 Q3 Target	Actual v Target	2019/20 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
Grade A Defect Response Time (within 1 hour)	Up	96.97%	90%	7.74%	88.63%	9.41%	90.87%	6.72%
Grade A Defect Response Time (within 2 hours)	Up	100.00%	95%	5.26%	97.91%	2.13%	98.14%	1.90%
The percentage of time when Rescue Pumping Appliances were unavailable for operational use due to an annual service, defect or other works. (Turnaround Time)	Down	1.20%	5%	75.97%	1.99%	39.54%	2.38%	49.58%
The percentage of time when Aerial Appliances and SRU were unavailable for operational use due to an annual service defect or other works. (Turnaround Time)	Down	2.06%	5%	58.86%	2.71%	24.12%	2.75%	25.08%
The percentage of time when other operational appliances were unavailable for operational use due to an annual service, defect or other works. (Turnaround Time)	Down	0.19%	3%	93.78%	0.55%	65.91%	0.46%	59.54%
The number of hours as a percentage the appliance is unavailable for operational response in the reporting period, other than for the time measured under the turn-a-round time. (Idle time)	Down	0.73%	2%	63.32%	1.07%	31.17%	1.02%	28.05%
The total time expressed as a % when ALL Appliances were available for operational use after the turn-a-round time and idle time are removed from the total time in the reporting period	Up	98.69%	93%	6.12%	97.67%	1.05%	97.54%	1.17%
Annual Services undertaken	Up	100.00%	97%	3.09%	100.00%	0.00%	100.00%	0.00%

Commentary:
All measures met their respective targets

MAXIMISING

Finance								
Performance Indicator	**Objective**	**2020/21 Q3 Actual**	**2020/21 Q3 Target**	**Actual v Target**	**2019/20 Q3 Actual**	**Actual vs Previous Year**	**5 year average**	**Actual v 5 year Average**
Budget requirement of Fire and Rescue Service (£ per 1,000 population). Performance Indicator to be used for information only	Down	Q4	n/a	n/a	0	n/a	£44.07	n/a
Accuracy of net budget forecast outturn for period 6 (September) against actual outturn - variance between forecast and actual outturn	Down	Q4	£600000	n/a	0	n/a	£163,800	n/a
Accuracy of net budget forecast outturn for period 9 (December) against actual outturn - variance between forecast and actual outturn	Down	Q4	£600000	n/a	0	n/a	£96,000	n/a
Percentage of routine financial reports distributed within 6 working days of period-end closure	Up	77.78%	90%	-13.58%	100.00%	-22.22%	100.00%	-22.22%
Compliance of annual statement of accounts processes with statutory timescales and quality criteria	Up	Q4	100%	n/a	0.00%	n/a	100.00%	n/a
Percentage of uncontested invoices paid within 30 days	Up	90.83%	96%	-5.38%	95.95%	-5.34%	95.60%	-4.99%
Percentage of outstanding debt over 90 days old	Down	4.62%	1.5%	-208.22%	0.94%	-393.79%	2.79%	-65.75%
Percentage of annual planned efficiency savings achieved by year end	Up	Q4	100%	n/a	0	n/a	93%	n/a
Return on investment	Up	Q4	1.075%	n/a	0	n/a	0.86%	n/a

Commentary:

Percentage of routine financial reports distributed within 6 working days of period-end closure

In Q2 this PI was not met for September (1 day late) and October (3 days late) for the distribution of the reports being sent out. This was due to ICT / Finance software complications which occurred causing the reports either to be not ready on time or the electronic email failing due to the Microsoft Office 365 upgrade. These issues were resolved and no further issues were experienced in Q3.

Percentage of uncontested invoices paid within 30 days

Due to the pandemic and delays in receiving of post, staff off-site/working from home etc, there is a slight delay in the payment of invoices. Now that internal post is coming through more quickly from Office Services and more people are using the electronic ways of working the team continue to try and improve these processes. Another reason why this quarter's target was not met, was due to invoices being received without Purchase Orders raised and therefore there is a delay in payment due to having to wait for orders to be raised. The budget managers for these areas have been advised.

Although the target has not been met again for Q3 there was a good improvement and work continues to recover debt. There are no significant individual amounts of debt, it is a build-up of smaller amounts including a new contract for servicing of vehicles where there has been teething problems in getting the required information from the customer in order to raise the invoices in a timely fashion. These problems have now been resolved and a further improvement in the indicator is expected in Q4.

Information And Communication Technology

Performance Indicator	Objective	2020/21 Q3 Actual	2020/21 Q3 Target	Actual v Target	2019/20 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
The Number of Incidents on Mission Critical services resolved within 1 Hour	Up	100.00%	92%	8.70%	100.00%	0.00%	97.73%	2.32%
The Number of Incidents on Business Critical services resolved within 2 Hours	Up	100.00%	97%	3.09%	100.00%	0.00%	100.00%	0.00%
The Number of Incidents on Business Operational services resolved within 4 Hours	Up	100.00%	95%	5.26%	100.00%	0.00%	98.53%	1.49%
The Number of Incidents on Administration Services resolved within 8 Hour	Up	90.39%	93%	-2.81%	96.00%	-5.84%	94.45%	-4.30%
Core ICT services availability	Up	100.00%	98%	2.04%	100.00%	0.00%	100.00%	0.00%
Business Applications Availability	Up	100.00%	98%	2.04%	97.50%	2.56%	99.50%	0.50%

Commentary:
Administration Services are low priority calls. During the Covid-19 lockdown and staff working from home (WFH) there has been an increase in administration type calls per month. For the Q3 period, The KPI has been exceeded at 90.4% and is RAG “Green” but the YTD Q3 means the KPI remains at Amber due to the unprecedented demand in Q1. Also please note these PI’s measure the Service Desk only so do not reflect the overall ICT shared Service offering.

ANDREW HOPKINSON
DEPUTY CHIEF FIRE OFFICER

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For Publication

Fire and Rescue Authority
23 March 2021

REPORT AUTHOR: **CHIEF FIRE OFFICER AND TREASURER**

SUBJECT: **TREASURY MANAGEMENT STRATEGY AND PRACTICES**

For further information on this Report contact:
G Chambers
FRA Treasurer
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Background Papers:

The Treasury Management Strategy and Treasury Management Policies for 2020/21 were reviewed and approved by the Fire and Rescue Authority on 11th February 2020

Implications (tick ✓):

LEGAL		FINANCIAL	✓
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	✓
ORGANISATIONAL RISK	✓	OTHER (please specify)	

Any implications affecting this report are noted at the end of the report.

PURPOSE

To review the Authority's Treasury Management Strategy Statement and Treasury Management Policies.

RECOMMENDATIONS

1. To consider and approve the following documents:

   i. Treasury Management Strategy Statement
   ii. Minimum Revenue Provision Policy and Annual Investment Strategy
   iii. Treasury Management Practices

2. To consider if the Authority wishes to receive Treasury Management training in 2021/22.

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1. Outcome

1.1 Sound internal control and governance arrangements for Treasury Management will ensure the Authority can reduce the risk it faces from treasury management activities.

2. Reason for Report

2.1 Treasury management activities can be defined as follows:

'The management of the organisation's investments and cash flows, 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.' Source the Chartered Institute of Public Finance and Accountancy (CIPFA).

2.2 The reporting of treasury management activity and the treasury management prudential indicators must meet the requirements of the 2009, 2011 and 2017 revised CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities (as required through Regulations issued under the Local Government Act 2003). The main 2017 Code updates, for information, are noted in para 3.2 below.

3. Updated Documentation

3.1 The Authority is required to consider and scrutinise the relevant treasury management documents. The updated documents for the next financial year that are attached are:

- The Treasury Management Strategy (including the Minimum Revenue Provision Policy and Annual Investment Strategy)
- Treasury Management Practices

3.2 The updated Treasury Management Strategy Statement is attached at Appendix A. There was an update in 2017 to the Code. These updates are summarised on pages 37 and 38 of Appendix 7. They were updated to capture the increasingly commercial approach being taken by many councils who are investing in property, with many outside of their own authority's area. The Code is now less prescriptive as to what indicators to be included in the strategy. There have been no further updates since.

3.3 Since 2018/19, Inter Authority lending has also been included as an option to consider, should this arise, within the Strategy at para 6.4.

3.4 The Treasury Management Practices are in accordance with the requirements of the Code and Guidance. The updated Treasury Management Practices are attached to this report for Members scrutiny and consideration at Appendix B. These documents provide the cornerstones for effective treasury management and ensure the approved Treasury Management Strategy is adhered to.

The Treasury Management Practices set out the manner in which the Authority will seek to achieve those policies and objectives, and prescribe how it will manage and control those activities.

There are no material updates to comment on for 2021/22. Minor updates include the removal of a reference to a Policy and Challenge Group, dates and including the title of Chief Fire Officer/Chief Executive.

4. Treasury Management and Support

4.1 The Treasurer recognises that treasury management is inevitably a highly technical and challenging area. To ensure that those Authority Members tasked with treasury management responsibility, including those responsible for scrutiny, have the support they need the following training was previously arranged:

- Training sessions were provided to Members in 2011, 2013 and 2015 by Capita Asset Services (now Link Asset Services).
- The most recent training was again provided by Link Asset Services at the Members Development on 4 July 2017. A further training session can be arranged in 2020/21 should Members request this. This is recommended by the Treasurer as good practice.

4.2 The current contract with Link Asset Services, for the provision of Treasury advice, expires at the end of May 2021, so the procurement of these services is currently underway.

5. Equality and Diversity Implications

5.1 There are no equality and diversity implications arising from this report.

6. Financial Implications and Value for Money

6.1 The Authority currently has:

- a total borrowing of £9.987m,
- short-term investments of up to £5m, £18m if including short term notice accounts (95 to 180 day notice)
- budgeted interest of £65k in 2021/22 from investments.

It is vital these transactions are managed efficiently and effectively.

7. Health and Safety and Environmental Implications

7.1 None arising from this report.

PAUL FULLER
CHIEF FIRE OFFICER CBE QFSM MStJ DL

GAVIN CHAMBERS
FRA TREASURER

Bedfordshire Fire and Rescue Service

Fire and Rescue Service

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2021/22

1. <u>Introduction</u>

1.1 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 Authority 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, 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.'*

This authority has not engaged in any commercial investments and has no non-treasury investments.

1.2 Reporting Requirements

1.2.1. Capital Strategy

The CIPFA 2017 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 will 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.

1.2.2. Treasury Management reporting

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

a. **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 organized), including treasury indicators; and
   - an investment strategy, (the parameters on how investments are to be managed).

b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury report** – This is a backward looking review 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 scrutinized before being recommended to the Authority. This role is undertaken by the Fire and Rescue Authority (FRA).

1.3 Treasury Management Strategy for 2021/22

The strategy for 2021/22 covers two main areas:

Capital issues

- The capital expenditure plans and the associated prudential indicators
- The minimum revenue provision (MRP) policy.

Treasury Management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities on 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, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Training

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 can be provided to Members by our Treasury Advisor's, Link Asset Services, in 2021 at the FRA's request.

1.5 Treasury Management Consultants

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

The authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon 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.

2. The Capital Prudential Indicators for 2021/22 – 2023/24

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.

2.1 Capital expenditure

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 have approved the capital expenditure forecasts below as part of the annual budget setting process:

Capital Expenditure £000's	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Total	662	768	1,690	1,161	1,606

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 £000's	**2019/20 Actual**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
Capital receipts	140	0	35	40	55
Capital grants	29	0	0	0	0
Capital reserves	493	200	1,197	0	0
Revenue	0	478	458	1,121	1,551
Net financing need for the year	0	0	0	0	0

2.2 **The Authority's borrowing need (the Capital Financing Requirement)**

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 reduced the indebtedness in line with each assets 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 is asked to approve the CFR projections below as part of this Strategy:

£m	**2019/20 Actual**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
Total CFR	**8,398**	**7,969**	**7,550**	**7,273**	**7,040**
Movement in CFR	**(429)**	**(419)**	**(277)**	**(233)**	**(229)**

Movement in CFR represented by;					
Net financing need for the year (above)	**0**	**0**	**0**	**0**	**0**

Less MRP/VRP and other financing movements	(429)	(419)	(277)	(233)	(229)
Movement in CFR	**(429)**	**(419)**	**(277)**	**(233)**	**(229)**

3. Borrowing

The capital expenditure plans set out in Section 3 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.

3.1 Current Portfolio Position

The Authority's treasury portfolio position at 31 March 2019 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	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
External Debt					
Debt at 1 April	9,987	9,987	9,987	9,987	9,987
Expected change in Debt	0	0	0	0	0
Other long-term liabilities (OLTL)	0	0	0	0	0
Expected change in OLTL	0	0	0	0	0
Actual gross debt at 31 March	9,993	9,987	9,987	9,987	9,987
The Capital Financing Requirement	8,398	7,969	7,550	7,273	7,040
Under/(over) borrowing	(1,589)	(2,018)	(2,437)	(2,714)	(2,947)

3.2 **Treasury Indicators: limits to borrowing activity**

The Operational Boundary. 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	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Debt	9,987	9,987	9,987	9,987
Other long term liabilities	0	0	0	0
Overdraft	0	0	0	0
Total	9,987	9,987	9,987	9,987

The authorised limit for external debt. A further key prudential indicator 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 full 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.

1. 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 Authority's plans, or those of a specific Authority, although this power has not yet been exercised.

2. The FRA is asked to approve the following authorised limit:

Authorised Limit £M	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Debt	9,987	9,987	9,987	9,987
Other long term liabilities	0	0	0	0
Overdraft	0	0	0	0
Worst Case Scenario Payroll	1,900	2,000	2,000	2,000
Total	11,887	11,987	11,987	11,987

3.3 **Prospects for Interest Rates**

The Authority has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Link Group Interest Rate View 8.2.21	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.90	0.90	0.90	0.90	1.00	1.00	1.10	1.10	1.10	1.20	1.20	1.20	1.20
10 yr PWLB	1.30	1.30	1.30	1.30	1.40	1.40	1.50	1.50	1.50	1.60	1.60	1.60	1.60
25 yr PWLB	1.90	1.90	1.90	1.90	2.00	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.20
50 yr PWLB	1.70	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00
Bank Rate													
Link	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Capital Economics	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
5yr PWLB Rate													
Link	0.90	0.90	0.90	0.90	1.00	1.00	1.10	1.10	1.10	1.20	1.20	1.20	1.20
Capital Economics	0.90	0.90	0.90	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
10yr PWLB Rate													
Link	1.30	1.30	1.30	1.30	1.40	1.40	1.50	1.50	1.50	1.60	1.60	1.60	1.60
Capital Economics	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	-	-	-	-	-
25yr PWLB Rate													
Link	1.90	1.90	1.90	1.90	2.00	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.20
Capital Economics	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	-	-	-	-	-
50yr PWLB Rate													
Link	1.70	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00
Capital Economics	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	-	-	-	-	-

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 16th December, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the near-term as economic recovery is expected to be only gradual and, therefore, prolonged. These forecasts were based on an assumption that a Brexit trade deal would be agreed by 31.12.20: as this has now occurred, these forecasts do not need to be revised.

Gilt yields / PWLB rates

There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in "normal" times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

Investment and borrowing rates

- **Investment returns** are likely to remain exceptionally low during 2021/22 with little increase in the following two years.
- **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 20/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing

for different types of local authority capital expenditure. *(Please note that Link has concerns over this approach, as the fundamental principle of local authority borrowing is that borrowing is a treasury management activity and individual sums that are borrowed are not linked to specific capital projects.)* It also introduced the following rates for borrowing for different types of capital expenditure: -

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

- As a consequence of these increases in margins, many local authorities decided to refrain from PWLB borrowing unless it was for HRA or local infrastructure financing, until such time as the review of margins was concluded.

- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. The new margins over gilt yields are as follows: -.

  - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
  - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
  - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

3.4. Borrowing Strategy

3.5 Borrowing Rates

The Authority is currently maintaining an over-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has been exceeded by loan debt and leasing liabilities. The strategy for the CFR and the under/over borrowed position going forward will be discussed at the next meeting with our Treasury advisors.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Treasurer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

Sensitivity of the forecast – In normal circumstances the main sensitivities of the forecast are likely to be the two scenarios noted below. The Authority officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

- *If it were felt that there was a significant risk of a sharp FALL in long and short term rates,* eg 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 were felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

3.5 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.

In determining whether borrowing will be undertaken in advance of need the Authority will:

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- consider the merits and demerits of alternative forms of funding;
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use;
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them.

3.6. **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, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the strategy outlined in paragraph 7 above;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential left for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the FRA at the earliest meeting following its action.

4. **Annual Investment Strategy**

4.1 **Investment Policy**

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

- MHCLG's Guidance on Local Government Investments ('the Guidance')
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ('the CIPFA TM Code')
- CIPFA Treasury Management Guidance Notes 2018

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

The above guidance from the MHCLG 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:-

1. 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 couterparties are the Short Term and Long Term ratings.

2. **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.

3. **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.

4. This authority has defined the list of types of investments instruments that the treasury management team are authorised to use. There are two lists in appendix 5.4 under the categories of ‘specified’ and ‘non-specified’ investments.

   - **Specified investments** are those with the high level of credit quality and subject to a maturity limit of one year.
   - **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. Once an investment is class as non-specified, it remains non-specified all the way though to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.

Non-specified investments limit. Under previous regulations the investment of surplus cash was restricted to periods not exceeding 365 days. Under the new regulations that restriction is removed, however investments that do exceed 365 days are classified as non-specified investments because of the greater degree of risk they carry. The Authority has no investments over 365 days.

Should the Authority make use of Property Funds to supplement their investment portfolio, these would be in excess of 365 days. The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. The Authority will seek guidance on the status of any fund it may consider using.

4.2 Creditworthiness Policy

This Authority applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard and Poor’s. The credit ratings of counterparties are supplemented with the following overlays:

- “watches” and “outlooks” from credit rating agencies;
- CDS (Credit Default Swap) spreads that may give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Authority to determine the suggested duration for investments. The Authority will therefore use counterparties within the following durational bands:

- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No Colour not to be used for Investments

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Authority use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored quarterly. The Authority is alerted to changes to ratings of all three agencies through its use of the Link Asset creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of Credit Ratings the Authority will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Authority will also use market data and market information, information on government support for banks and the credit ratings of that government support.

UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits, are required, by UK law, to separate core retails banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other member of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Authority will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

4.3 Country Limits

Due care will be taken to consider the exposure of the Authority's total investment portfolio to non-specified investments, countries, groups and sectors.

a) **Non-specified investment limit.** The Authority has determined that it will limit the maximum total exposure to non-specified investments as being 30% of the total investment portfolio

b) **Country limit.** The Authority has determined that it will only use approved counterparties from the UK and 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 Appendix 5.6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

c) **Other limits.** In addition:

- No more than £5m will be placed with any non-UK country at one time
- Limits in place above do not apply to a group of companies where the limit is £7m per group
- Sector limits will be monitored regularly for appropriateness

4.4 **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). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed. Members of the FRA, during the member budget workshops for 2018/19, enquired about the potential of lending to local authorities. This is a possibility should an amount, interest rate and loan period be agreed. If this was to be something to implement that aligned with our cash flow, guidance and relevant paperwork would be sought and discussed with Link Asset Services.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obainable, for longer periods.

Investment returns expectations:

Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

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 (the long term forecast is for periods over 10 years in the future):

Average earnings in each year	
2020/21	0.10%
2021/22	0.10%
2022/23	0.10%
2023/24	0.10%
2024/25	0.25%
Long term later years	2.00%

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. It may also be affected by what, if any, deal the UK agrees as part of Brexit.

- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK.

4.5 **Investment performance/risk benchmarking**

This Authority will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day LIBID rate.

4.6 **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.

4.7 **Policy on the Use of External Service Providers**

The Authority uses Link Asset as its external treasury management advisers.

The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

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.

Money Market Funds for short-term investments will be considered.

4.8 **Scheme of Delegation**

Please see Appendix 6.

4.9 **Role of the Section 151 Officer**

Please see Appendix 7.

Appendices

1. Prudential and treasury indicators and MRP Statement
2. Interest Rate Forecasts
3. Economic Background
4. Treasury management Practice
5. Approved countries for investments
6. Treasury management scheme of delegation
7. The Treasury Management Role of the Section 151 Officer

MINIMUM REVENUE PROVISION POLICY STATEMENT 2021/22

The Authority implemented the new Minimum Revenue Provision (MRP) guidance in 2009/10 and will assess their MRP for 2020/21 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

The major proportion of the MRP for 2020/21 will relate to the more historic debt liability that will continue to be charged at the rate of 4%, in accordance with option 1 of the guidance. Certain expenditure reflected within the debt liability at 31 March 2011 will under delegated powers be subject to MRP under option 3, which will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method*)*. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Authority. However, the Authority reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Authority are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

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 finances. The Authority is asked to approve the following indicators:

a. **Ratio of financing costs to net revenue stream**

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.

	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
% Ratios	2.53%	2.47%	1.89%	1.81%	1.82%

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

Treasury indicators for debt

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments

- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates:

- 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 FRA is asked to approve the following treasury limits:

Maturity structure of fixed rate borrowing during 2021/22		
	Lower	**Upper**
Under 12 months	0%	25%
12 months to 2 years	0%	25%
5 years to 10 years	0%	25%
10 years and above	0%	100%

INTEREST RATE FORECASTS

1. Individual Forecasts

Link Asset Services

Interest rate forecast – February 2021

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
Bank Rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
5yr PWLB rate	0.90%	0.90%	0.90%	0.90%	1.00%	1.00%	1.10%
10yr PWLB rate	1.30%	1.30%	1.30%	1.30%	1.40%	1.40%	1.50%
25yr PWLB rate	1.90%	1.90%	1.90%	1.90%	2.00%	2.00%	2.10%
50yr PWLB rate	1.70%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%

Capital Economics

Interest rate forecast – February 2021

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
Bank Rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
5yr PWLB rate	0.90%	0.90%	0.90%	1.00%	1.00%	1.00%	1.00%
10yr PWLB rate	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
25yr PWLB rate	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
50yr PWLB rate	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%

5.3 ECONOMIC BACKGROUND

- **UK.** The key quarterly meeting of the Bank of England Monetary Policy Committee kept **Bank Rate** unchanged on 5.11.20. However, it revised its economic forecasts to take account of a second national lockdown from 5.11.20 to 2.12.20 which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **quantitative easing (QE) of £150bn**, to start in January when the current programme of £300bn of QE, announced in March to June, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".
- Its forecasts appeared, at that time, to be rather optimistic in terms of three areas:
  - The economy would recover to reach its pre-pandemic level in Q1 2022
  - The Bank also expected there to be excess demand in the economy by Q4 2022.
  - CPI inflation was therefore projected to be a bit above its 2% target by the start of 2023 and the "inflation risks were judged to be balanced".
- Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.
- One key addition to **the Bank's forward guidance in August** was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 2024 but there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. **Inflation** is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor due to base effects from twelve months ago falling out of the calculation, and so is not a concern. Looking further ahead, it is also unlikely to be a problem for some years as it will take a prolonged time for spare capacity in the economy, created by this downturn, to be used up.

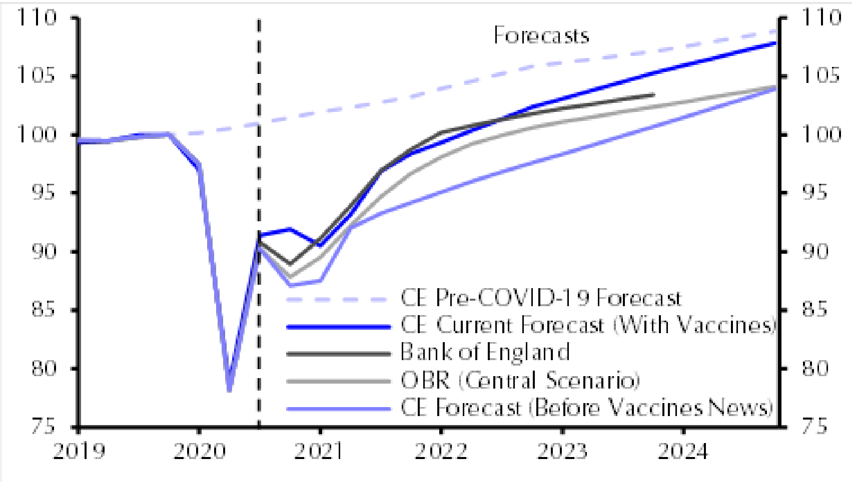
- **Public borrowing** was forecast in November by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.

- Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. While the one month second national lockdown that started on 5th November caused a further contraction of 5.7% m/m in November, this was much better than had been feared and showed that the economy is adapting to new ways of working. This left the economy 'only' 8.6% below the pre-crisis level.

- **Vaccines – the game changer.** The Pfizer announcement on 9th November of a successful vaccine has been followed by approval of the Oxford University/AstraZeneca and Moderna vaccines. The Government has a set a target to vaccinate 14 million people in the most at risk sectors of the population by 15th February; as of mid-January, it has made good, and accelerating progress in hitting that target. The aim is to vaccinate all adults by September. This means that the national lockdown starting in early January, could be replaced by regional tiers of lighter restrictions, beginning possibly in Q2. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines have radically improved the economic outlook so that it may now be possible for GDP to recover to its pre-virus level as early as Q1 2022. These vaccines have enormously boosted confidence that **life could largely return to normal during the second half of 2021**. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for when life returns to normal.

- Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant risk is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development, and vaccine production facilities are being ramped up around the world.

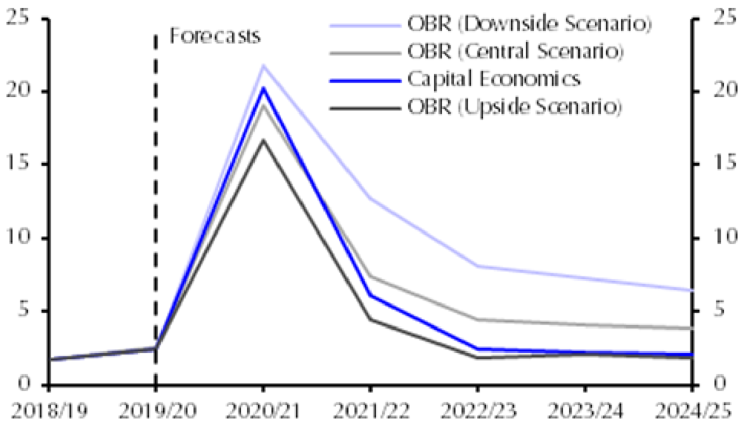
Chart: Level of real GDP   (Q4 2019 = 100)



(if unable to print in colour…... the key describing each line in the above graph is in sequential order from top to bottom in parallel with the lines in the graph.

This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade, would have major repercussions for public finances as it would be consistent with the government deficit falling to around 2.5% of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts assumed that politicians do not raise taxes or embark on major austerity measures and so, (perversely!), depress economic growth and recovery.

Chart: Public Sector Net Borrowing (as a % of GDP)



(if unable to print in colour…... the key describing each line in the above graph is in sequential order from top to bottom in parallel with the lines in the graph.

There will still be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a **reversal of globalisation** as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, **digital services** are one area that has already seen huge growth.

- **Brexit.** The final agreement of a trade deal on 24.12.20 has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.

- **Monetary Policy Committee meeting of 17 December.** All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy that it had highlighted in November. But this was caveated by it saying, “Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case.” So, while vaccines are a positive development, in the eyes of the MPC at least, the economy is far from out of the woods in the shorter term. The MPC, therefore, voted to extend the availability of the Term Funding Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30.4.21 until 31.10.21. (The MPC had assumed that a Brexit deal would be agreed.)

- **Fiscal policy.** In the same week as the MPC meeting, the Chancellor made a series of announcements to provide further support to the economy: -
  - An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March.
  - The furlough scheme was lengthened from the end of March to the end of April.
  - The Budget on 3.3.21 will lay out the “next phase of the plan to tackle the virus and protect jobs”. This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).

- The **Financial Policy Committee** (FPC) report on 6.8.20 revised down their expected credit losses for the banking sector to “somewhat less than £80bn”. It stated that in its assessment, “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.

- **US.** The Democrats gained the presidency and a majority in the House of Representatives in the November elections: after winning two key Senate seats in Georgia in elections in early January, they now also have a very slim majority in the Senate due to the vice president’s casting vote. President Biden will consequently have a much easier path to implement his election manifesto. However, he will not have a completely free hand as more radical Democrat plans may not be supported by all Democrat senators. His initial radical plan for a fiscal stimulus of $1.9trn, (9% of GDP), is therefore likely to be toned down in order to get through both houses.

- **The economy** had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a fourth wave. The latest upturn poses a threat that the recovery in the economy could stall. This is **the single biggest downside risk** to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, individual states might feel it necessary to return to more draconian lockdowns.

- The restrictions imposed to control the spread of the virus are once again weighing on the economy with employment growth slowing sharply in November and declining in December, and retail sales dropping back. The economy is set for further weakness into the spring. **GDP growth** is expected to rebound markedly from the second quarter of 2021 onwards as vaccines are rolled out on a widespread basis and restrictions are loosened.

- After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary “trap” like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The

FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2123 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

- The Fed's meeting on **5 November** was unremarkable - but at a politically sensitive time around the elections. At its **16 December** meeting the Fed tweaked the guidance for its monthly asset quantitative easing purchases with the new language implying those purchases could continue for longer than previously believed. Nevertheless, with officials still projecting that **inflation** will only get back to 2.0% in 2023, the vast majority expect the Fed funds rate to be still at near-zero until 2024 or later. Furthermore, officials think the balance of risks surrounding that median inflation forecast are firmly skewed to the downside. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping Treasury yields low – which will also have an influence on gilt yields in this country.

- **EU.** In early December, the figures for Q3 GDP confirmed that the economy staged a rapid rebound from the first lockdowns. This provides grounds for optimism about growth prospects for next year. In Q2, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by "only" 4.4%. That was much better than had been expected earlier in the year. However, growth is likely to stagnate during Q4 and in Q1 of 2021, as a second wave of the virus has seriously affected many countries. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the countries most affected by the first wave.

- With **inflation** expected to be unlikely to get much above 1% over the next two years, **the ECB** has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December meeting added a further €500bn to the PEPP scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of TLTRO, (cheap loans to banks), were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle before later in quarter 2 of 2021.

- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

- **Japan.** A third round of fiscal stimulus in early December took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the government's latest fiscal effort should help ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone.

- **World growth.** World growth will has been in recession in 2020 and this is likely to continue into the first half of 2021 before recovery in the second half. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

- Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

Summary

Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand and the pace of recovery in their economies.

If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt

yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.

INTEREST RATE FORECASTS

Brexit. The interest rate forecasts provided by Link in paragraph 3.3 were predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31.12.20. There is therefore no need to revise these forecasts now that a trade deal has been agreed. Brexit may reduce the economy's potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

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

- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand and the pace of recovery of the economy.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis.** The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next two or three years. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Angela Merkel has stepped down from being the CDU party leader but she will remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments.** Italy, Spain, Austria, Sweden, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.

- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU, and they had threatened to derail the 7 year EU budget until a compromise was thrashed out in late 2020. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

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

- **UK -** a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.
- 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 within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

5.4 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS:

All such investments will be sterling dominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS;

These are any investments which do not meet the specified investment criteria. A maximum of 30% will be held in aggregate in non-specified investment. A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

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

Strategy for specified Investments:

The Authority expects to have a net surplus of funds throughout 2021/22 and will invest those funds through the money markets with those organisations included on its approved lending list (attached as Annex A).

The Authority's approved lending list includes the following organisations which are thus deemed to have a high credit rating:

- UK and Foreign Banks with a short-term rating of F1 or F1+ and a long-term rating of A- or higher.
- UK Building Societies with a short-term rating of F1 or F1+ and a long-term rating of A- or higher.

Ratings are those given by Fitch, the credit rating agency. In compiling the lending list, other factors such as legal rating and individual rating, which Fitch also provide, have been taken into consideration. The lending list is regularly reviewed to ensure that the organisations included maintain their credit ratings at the required level.

Investments will be made for terms of up to 365 days. The Authority will consider its cash flow requirements, prevailing market conditions and advice from its Treasury Advisers when determining exact terms for each investment, in order to ensure that it is both favourable and prudent. At the time of writing, interest rates are at a low point.

Non-Specified Investments:

These are any other investments that do not meet the criteria above for Specified Investments.

The Authority has no investments other than the short-term investment of surplus cash through the money market. Under previous regulations the investment of surplus cash was restricted to periods not exceeding 365 days. Under the new regulations that restriction is removed, however investments that do exceed 365 days are classified as non-specified investments because of the greater degree of risk they carry.

The Authority is investigating the use of Property Funds to supplement their investment portfolio and these would be in excess of 365 days. The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. The Authority will seek guidance on the status of any fund it may consider using.

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 **	Green	In-house

Term deposits with nationalised banks and banks and building societies

	Minimum Credit Criteria	Use	Max % Limit	Max Maturity Period
UK banks	Orange	In-house	50%	**1 year**
UK banks and Building Societies	Red	In-house	50%	**6 months**
UK banks and Building Societies	Green	In-house	50%	**100 days**
UK banks and Building Societies	No Colour	In-house	Not to be used	
UK part nationalised banks	Blue	In-house	90%	**1 year**
DMADF – UK Government	AAA	In-house	Unlimited	**6 months**
Local Authorities	Yellow	In-house	50%	**5 years**
Money Market Funds LVNAV	AAA	In-house and Fund Managers		**1 year**
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	In-house and Fund Managers		**1 year**
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	In-house and Fund Managers		**1 year**
Non-UK Banks	Orange	In-house and Fund Managers	50%	**1 year**

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.

Approved countries for investments

Based on lowest available rating as at 05.02.21

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland
- U.S.A

AA+

- Canada
- Finland

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Qatar
- U.K.

TREASURY MANAGEMENT SCHEME OF DELEGATION

i. **FRA**

- Receiving and approving reports on treasury management policies, practices and activities ;
- approval of annual strategy;
- budget consideration and approval;
- review and recommend for approval the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- reviewing a selection of external Treasury service providers and agreeing terms of appointment.;
- the review and challenge function of Treasury Management.

ii. **Treasurer**

- reviewing the treasury management strategy, policy and procedures and making recommendations to the responsible body.

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (Responsible) Officer:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

The above list of specific responsibilities of the S151 officer in the 2017 Treasury Management Code has not changed. However, implicit in the changes in both codes, is a major extension of the functions of this role, especially in respect of non-financial investments, (which CIPFA has defined as being part of treasury management)): -

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- 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
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- 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
- 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

- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees – our Authority doesn't have these.
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (TM Code p54): -
- Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;

    - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;

    - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;

    - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;

    - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

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Weekly Credit List: 05/02/2021

Institution Benchmark: iTraxx Senior Financials Index 57.87 (62.75)

Institution Benchmark: Monitoring Boundary: 100.00

	Fitch Ratings				Moodys Ratings			S & P Ratings		
Organisation	Long Term	Short Term	Viability	Support	Long Term	Short Term	FSR	Long Term	Short Term	Suggested Duration (CDS Adjusted with manual override)
.										
U.K	AA	-	-	-			-			
Collateralised LA Deposit*										Y - 60 mths
Debt Management Office										Y - 60 mths
Multilateral Development Banks										Y - 60 mths
Supranationals										Y - 60 mths
UK Gilts										Y - 60 mths
Abbey National Treasury Services PLC	A+	F1		1	A1	P-1				R - 6 mths
Al Rayan Bank Plc					A1	P-1				R - 6 mths
Bank of Scotland PLC (RFB)	A+	F1	a	5	A1	P-1		A+	A-1	R - 6 mths
Barclays Bank PLC (NRFB)	A+	F1	a	5	A1	P-1		A	A-1	R - 6 mths
Barclays Bank UK PLC (RFB)	A+	F1	a	1	A1	P-1		A	A-1	R - 6 mths
Goldman Sachs International Bank	A+	F1		1	A1	P-1		A+	A-1	R - 6 mths
Handelsbanken Plc	AA	F1+		1				AA-	A-1+	O - 12 mths
HSBC Bank PLC (NRFB)	AA-	F1+	a	1	A1	P-1		A+	A-1	O - 12 mths
HSBC UK Bank Plc (RFB)	AA-	F1+	a	1	Aa3	P-1		A+	A-1	O - 12 mths
Lloyds Bank Corporate Markets Plc (NRFB)	A+	F1		1	A1	P-1		A	A-1	R - 6 mths
Lloyds Bank Plc (RFB)	A+	F1	a	5	A1	P-1		A+	A-1	R - 6 mths
NatWest Markets Plc (NRFB)	A+	F1	WD	1	A3	P-2		A-	A-2	G - 100 days
Santander UK PLC	A+	F1	a	2	A1	P-1		A	A-1	R - 6 mths
SMBC Bank International Plc	A	F1		1	A1	P-1		A	A-1	R - 6 mths
Standard Chartered Bank	A+	F1	a	5	A1	P-1		A	A-1	R - 6 mths
Coventry Building Society	A-	F1	a-	5	A2	P-1				R - 6 mths
Leeds Building Society	A-	F1	a-	5	A3	P-2				G - 100 days
Nationwide Building Society	A	F1	a	5	A1	P-1		A	A-1	R - 6 mths
Nottingham Building Society					Baa2	P-2				N/C - 0 mths
Skipton Building Society	A-	F1	a-	5	Baa1	P-2				G - 100 days
West Bromwich Building Society					Ba3	NP				N/C - 0 mths
Yorkshire Building Society	A-	F1	a-	5	A3	P-2				G - 100 days
National Westminster Bank PLC (RFB)	A+	F1	a	5	A1	P-1		A	A-1	B - 12 mths
The Royal Bank of Scotland Plc (RFB)	A+	F1	a	5	A1	P-1		A	A-1	B - 12 mths

Weekly Credit List: 05/02/2021

Institution Benchmark: iTraxx Senior Financials Index 57.87 (62.75)

Institution Benchmark: Monitoring Boundary: 100.00

	Fitch Ratings				Moodys Ratings			S & P Ratings		
Organisation	Long Term	Short Term	Viability	Support	Long Term	Short Term	FSR	Long Term	Short Term	Suggested Duration (CDS Adjusted with manual override)
Foreign Banks										

Australia	**AAA**				Aaa			AAA		Not Applicable
Australia and New Zealand Banking Group Ltd.	A+	F1	a+	1	Aa3	P-1		AA-	A-1+	O - 12 mths
Commonwealth Bank of Australia	A+	F1	a+	1	Aa3	P-1		AA-	A-1+	O - 12 mths
Macquarie Bank Ltd.	A	F1	a	3	A2	P-1		A+	A-1	R - 6 mths
National Australia Bank Ltd.	A+	F1	a+	1	Aa3	P-1		AA-	A-1+	O - 12 mths
Westpac Banking Corp.	A+	F1	a+	1	Aa3	P-1		AA-	A-1+	O - 12 mths
Belgium	**AA-**				Aa3			AA		Not Applicable
BNP Paribas Fortis	A+	F1	a	1	A1	P-1		A+	A-1	R - 6 mths
KBC Bank N.V.	A+	F1	a	5	Aa3	P-1		A+	A-1	O - 12 mths
Canada	**AA+**				Aaa			AAA		Not Applicable
Bank of Montreal	AA-	F1+	aa-	5	Aa2	P-1		A+	A-1	O - 12 mths
Bank of Nova Scotia	AA-	F1+	aa-	5	Aa2	P-1		A+	A-1	O - 12 mths
Canadian Imperial Bank of Commerce	AA-	F1+	aa-	5	Aa2	P-1		A+	A-1	O - 12 mths
National Bank of Canada	A+	F1	a+	5	Aa3	P-1		A	A-1	R - 6 mths
Royal Bank of Canada	AA	F1+	aa	5	Aa2	P-1		AA-	A-1+	O - 12 mths
Toronto-Dominion Bank	AA-	F1+	aa-	5	Aa1	P-1		AA-	A-1+	O - 12 mths
Denmark	**AAA**				Aaa			AAA		Not Applicable
Danske A/S	A	F1	a	5	A2	P-1		A	A-1	R - 6 mths
Finland	**AA+**				Aa1			AA+		Not Applicable
Nordea Bank Abp	AA-	F1+	aa-	5	Aa3	P-1		AA-	A-1+	O - 12 mths
OP Corporate Bank plc	WD	WD		WD	Aa3	P-1		AA-	A-1+	O - 12 mths
France	**AA**				Aa2			AA		Not Applicable
BNP Paribas	A+	F1	a+	5	Aa3	P-1		A+	A-1	O - 12 mths
Credit Agricole Corporate and Investment Bank	A+	F1	WD	WD	Aa3	P-1		A+	A-1	O - 12 mths
Credit Agricole S.A.	A+	F1	a+	5	Aa3	P-1		A+	A-1	O - 12 mths
Credit Industriel et Commercial	A+	F1	a+	5	Aa3	P-1		A	A-1	R - 6 mths
Societe Generale	A-	F1	a-	5	A1	P-1		A	A-1	R - 6 mths
Germany	**AAA**				Aaa			AAA		Not Applicable
Bayerische Landesbank	A-	F1	bbb	1	Aa3	P-1		NR	NR	R - 6 mths
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	AA-	F1+		WD	Aa1	P-1		AA-	A-1+	O - 12 mths
Landesbank Baden-Wuerttemberg	A-	F1	bbb	1	Aa3	P-1		NR	NR	R - 6 mths
Landesbank Hessen-Thueringen Girozentrale	A+	F1+		WD	Aa3	P-1		A	A-1	O - 12 mths
Landwirtschaftliche Rentenbank	AAA	F1+		1	Aaa	P-1		AAA	A-1+	P - 24 mths
Norddeutsche Landesbank Girozentrale	A-	F1	bb	1	A3	P-2		NR	NR	G - 100 days
NRW.BANK	AAA	F1+		1	Aa1	P-1		AA	A-1+	P - 24 mths
Netherlands	**AAA**				Aaa			AAA		Not Applicable
ABN AMRO Bank N.V.	A	F1	a	5	A1	P-1		A	A-1	R - 6 mths
Bank Nederlandse Gemeenten N.V.	AAA	F1+		1	Aaa	P-1		AAA	A-1+	P - 24 mths
Cooperatieve Rabobank U.A.	A+	F1	a+	5	Aa3	P-1		A+	A-1	O - 12 mths
ING Bank N.V.	AA-	F1+	a+	5	Aa3	P-1		A+	A-1	O - 12 mths
Qatar	**AA-**				Aa3			AA-		Not Applicable
Qatar National Bank	A+	F1	bbb+	1	Aa3	P-1		A	A-1	R - 6 mths
Singapore	**AAA**				Aaa			AAA		Not Applicable
DBS Bank Ltd.	AA-	F1+	aa-	1	Aa1	P-1		AA-	A-1+	O - 12 mths
Oversea-Chinese Banking Corp. Ltd.	AA-	F1+	aa-	1	Aa1	P-1		AA-	A-1+	O - 12 mths
United Overseas Bank Ltd.	AA-	F1+	aa-	1	Aa1	P-1		AA-	A-1+	O - 12 mths
Sweden	**AAA**				Aaa			AAA		Not Applicable
Skandinaviska Enskilda Banken AB	AA-	F1+	aa-	5	Aa2	P-1		A+	A-1	O - 12 mths
Svenska Handelsbanken AB	AA	F1+	aa	5	Aa2	P-1		AA-	A-1+	O - 12 mths
Swedbank AB	A+	F1	a+	5	Aa3	P-1		A+	A-1	O - 12 mths
Switzerland	**AAA**				Aaa			AAA		Not Applicable
Credit Suisse AG	A	F1	a-	5	Aa3	P-1		A+	A-1	R - 6 mths
UBS AG	AA-	F1+	a+	5	Aa2	P-1		A+	A-1	O - 12 mths
United Arab Emirates	**AA**				Aa2			AA		Not Applicable
First Abu Dhabi Bank PJSC	AA-	F1+	a-	1	Aa3	P-1		AA-	A-1+	O - 12 mths
United States	**AAA**				Aaa			AA+		Not Applicable
Bank of America N.A.	AA-	F1+	a+	5	Aa2	P-1		A+	A-1	O - 12 mths
Bank of New York Mellon, The	AA	F1+	aa-	5	Aa1	P-1		AA-	A-1+	P - 24 mths
Citibank N.A.	A+	F1	a	5	Aa3	P-1		A+	A-1	O - 12 mths
JPMorgan Chase Bank N.A.	AA	F1+	aa-	5	Aa1	P-1		A+	A-1	O - 12 mths
Wells Fargo Bank, NA	AA-	F1+	a+	5	Aa1	P-1		A+	A-1	O - 12 mths

Bedfordshire and Fire and Rescue Service

Fire and Rescue Service

TREASURY MANAGEMENT PRACTICES

2021/22

TREASURY MANAGEMENT PRACTICES

The Treasury Management Practices (TMPs) set out the manner in which this Authority will seek to achieve its treasury management policies and objectives and how it will arrange and control these activities.

The following Treasury Management Practices are in accordance with the requirements of the CIPFA Code on Treasury Management in the Public Services:

TMP1 RISK MANAGEMENT

The Treasurer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6, Reporting Requirements and Management Information Arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set below.

1. Credit and Counterparty Risk Management

This Authority regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods and Techniques as listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

1.1. Policy on the Use of Credit Risk Analysis Techniques

1. The Authority will use credit criteria in order to select creditworthy counterparties for placing investments with.
2. Credit ratings will be used as supplied from all three rating agencies - Fitch, Moodys and Standard and Poors.
3. Treasury management consultants will provide regular updates of changes to all ratings relevant to the Authority.
4. The responsible officer will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits.

Minimum Ratings 1	Fitch	Moodys	Standard & Poors
Short-term	**F1+**	**P1**	**A1+**
Long-term	AA-	Aa3	AA-
Individual*	C	C	n/a
Support	3	n/a	n/a

* Moodys Financial Strength Rating

Maturity limits will vary from three to twelve months. The maximum limit being twelve months and guidance will be taken from Link Asset Services creditworthiness service based on using colour, as shown below:

- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour Not to be used for Investments

5. Credit ratings for individual counterparties can change at any time. The Treasurer is responsible for applying approved credit rating criteria for selecting approved counterparties. Treasury Management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on criteria for selection of counterparties.

6. This organisation will not rely solely on credit ratings in order to select and monitor the creditworthiness of counterparties. In addition to credit ratings it will therefore use other sources of information including:

   - The quality financial press
   - Market data
   - Information on government support for banks and
   - The credit ratings of Banks/Building Societies that government support

7. Maximum maturity periods and amounts to be placed in different types of investment instrument are as follows:

   - UK and Foreign Banks with a short-term rating of F1 or F1+ and a long-term rating of AA- or higher.
   - UK Building Societies with a short-term rating of F1 or F1+ and a long-term rating of AA- or higher.

8. Diversification: this organisation will avoid concentrations of lending and borrowing by adopting a policy of diversification. It will therefore use the following:

   - Maximum amount to be placed with any one institution - £5m.
   - Group limits where a number of institutions are under one ownership – maximum of £7m.
   - Link limits.
   - Country limits – a minimum sovereign rating of AA- is required for an institution to be placed on our approved lending list.

9. Investments will not be made with counterparties that do not have a credit rating in their own right.

10. Full individual listings of counterparties and counterparty limits as at 5th February 2021 is attached at Annex A.

2. Liquidity Risk Management

This Authority will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

This Authority will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The Treasury Management Section shall seek to minimise the balance held in the Authority's main bank accounts at the close of each working day. Borrowing or lending shall be arranged in order to achieve this aim. At the end of each financial day any unexpected surplus funds are transferred to the SIBA (Special Interest Bearing Account) account which is available from the Authority's main bank. The balance on this account is instantly accessible if the group bank account becomes overdrawn. Should this balance exceed the Group Limit then excess funds will be transferred to the Authority's Barclays account. The balance on the Barclays account is also instantly accessible.

- All payments over £50,000 have to be authorised by the Treasurer or Deputy S151 Officer.
- There are no specific insurance or guarantee facilities as the above arrangements are regarded as being adequate to cover all unforeseen occurrences.

3. Interest Rate Risk Management

This Authority will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

The details of the Authority's views on interest rates are laid out for the coming financial year in the Treasury Management Strategy Report in the prior year to the activity.

The Treasury Management Strategy Report to the Authority each year approves the following limits:

- Authorised limit for external debt
- Operational boundary for external debt
- Upper limit on fixed interest rate exposures
- Upper limit on variable interest rate exposures
- Upper and lower limits for the maturity structure of borrowing
- Total principal sums invested for periods over 365 days

The indicator for the authorised limit for external debt is the maximum the Authority will allow itself to borrow in each financial year. It includes long-term debt, overdrafts, other long-term liabilities and short-term borrowing (to cover temporary cash shortages).

The operational boundary is the day-to-day or 'normal' limit for borrowing. It includes all long-term debt plus the normal overdraft limit.

4. Exchange Rate Risk Management

This Authority will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

The Authority will, as far as possible, limit its exposure to exchange rate fluctuations by ensuring as many transactions as possible are carried out in sterling.

5. Refinancing Risk Management

This Authority will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

The Authority will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling to take place will include:

a. the generation of cash savings at minimum risk;
b. to reduce the average interest rate;
c. to amend the maturity profile and /or the balance of volatility of the debt portfolio.

The maturity profile of the Authority's debt will be reviewed regularly in association with the Authority's Treasury Management Advisers where necessary. Such reviews will seek to determine whether or not market conditions are suitable for refinancing any of the Authority's debt to allow more advantageous borrowing terms. The revenue consequences of refinancing will be evaluated prior to the transaction being completed. The effect on the maturity profile prudential indicator will be analysed to ensure that any changes to the profile are within limits. Any rescheduling would only be undertaken after consultations between the Treasurer.

Rescheduling will be reported to the FRA (Fire and Rescue Authority) *at the meeting immediately following it's action/in the annual review report.*

5.1 **Projected Capital Investment Requirements**

The responsible officer will prepare a four year plan for capital expenditure for the Authority. The capital plan will be used to prepare a four year revenue budget for all forms of financing charges.

The definition of capital expenditure and long term liabilities used in the Code will follow recommended accounting practice as per the Code of Practice on Local Authority Accounting.

In considering the affordability of its capital plans, the Authority will consider all the resources currently available/estimated for the future together with the total of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the three following years and the impact these will have on council tax. It will also take into account affordability in the longer term beyond this four year period.

The Authority budgeted for revenue contributions for capital expenditure in the 2020/21 budget and continues to do so in the 2021/22 revenue budget.

The Authority will use the definitions provided in the Prudential Code for borrowing (65), capital expenditure (66), capital financing requirement (67), debt (68), financing costs (69), investments (70), net borrowing (71), net revenue stream (72), other long term liabilities (73).

6. **Legal and Regulatory Risk Management**

This Authority will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

This Authority recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

The treasury management activities of the Authority shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Authority. These are:

- CIPFA's Treasury Management Codes of Practice and Guidance Notes 2017
- CIPFA Prudential Code for Capital Finance in Local Authorities revised 2017
- CIPFA Treasury Management in the Public Services Guidance Notes 2018
- CIPFA statement 17.10.18 on borrowing in advance of need and investments in commercial properties
- CIPFA Bulletin 02 Treasury and Capital Management Update October 2018
- Statutory investment guidance where it has been updated in 2018
- Statutory MRP guidance where it has been updated in 2018
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities 1996
- CIPFA Standard of Professional Practice on Treasury Management 2002
- CIPFA Standard of Professional Practice on Continuous professional Development 2005
- CIPFA Standard of Professional Practice on Ethics 2006
- The Good Governance Standard for Public Services 2004
- LAAP Bulletins
- Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of recommended Practice
- Local Government Act 2003
- SI 2003 No 3146 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and associated commentary 10.12.03
- SI 2004 No 533 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 8.3.04

- SI 2003 No 3146 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and associated commentary 10.12.03
- SI 2004 No 534 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 8.3.04
- Guidance on Investments ODPM 12.3.2004 (revised 1.4.10)
- Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2006 Statutory Instrument No. 521
- SI 2007 No 573 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2007
- Local Government and Public Involvement in Health Act 2007 s238(2) – power to issue guidance; to be used re: MRP
- SI 2008 No 414 f(Capital Finance and Accounting) (Amendment) (England) Regulations 2008
- SI 2009 No 321 (Capital Finance and Accounting) (Amendment) (England) Regulations 2009
- SI 2009 No 2272 The Local Authorities (Capital Finance And Accounting) (England) (Amendment) (No.2) Regulations 2009
- SI 2009 No 3093 The Local Government Pension Fund Scheme (Management and Investment of Funds) Regulations 2009
- SI 2010 No 454 (Capital Finance and Accounting) (Amendment) (England) Regulations 2010
- Revised Guidance on Investments CLG 1.4.2010 (Revised 2018)
- PWLB circulars on Lending Policy
- Financial Services Authority's Code of Market Conduct
- The Authority's Standing Orders relating to Contracts
- The Authority's Financial Regulations
- The Authority's Scheme of Delegated Functions

6.1 **Procedures for Evidencing the Authority's Powers to Counterparties**

The Authority's powers to borrow and invest are contained in legislation:

Investing: Local Government Act 2003, Section 12
Borrowing: Local Government Act 2003, Section 1

In addition, it will make available on request the following:

a. the Scheme of Delegation of Treasury Management activities which is contained in the Annual Investment Strategy, Appendix 6, which states which officers carry out these duties;

b. the document which sets which Officers are the authorised signatories.

Lending shall only be made to counterparties on the Approved Lending list. This list has been compiled using advice from the Authority's treasury advisers based upon credit ratings supplied by Fitch, Moodys and Standard and Poors.

The responsible officer shall take appropriate action with the Authority the Chief Fire Officer/Chief Executive and the Chair of the Authority to respond to and manage appropriately political risks such as change of majority group, leadership in the Authority, change of Government etc.

The Monitoring Officer is currently Mr J Atkinson. The duty of this officer is to ensure that the treasury management activities of the Authority are lawful.

The Assistant Chief Officer is Treasurer, with the CA (Chief Accountant) who is the deputy S151 Officer; the duty of this officer is to ensure that the financial affairs of the Authority are conducted in a prudent manner and to make a report to the Authority if he has concerns as to the financial prudence of its actions or its expected financial position.

7. Fraud, Error and Corruption, and Contingency Management

The Authority will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

The Authority will, therefore:

a. seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks;

b. fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are;

c. staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision;

d. records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

7.1. Systems and Procedures, Including Internet Services

7.1.1 Authority

The Scheme of Delegation to Officers is that overall responsibility for Treasury Management is delegated to the Treasurer. Delegation of other officers is set out in TMP 5 below.

All loans and investments, including PWLB (Public Works Loan Board), are negotiated by the responsible officer or authorised persons.

7.1.2 Procedures

The Treasury Team check and monitor the bank accounts daily by using the on-line service. This is password controlled and only delegated officers have access and are issued with ‘Smartcards’ to carry out transactions. The Team ensure that all necessary daily transactions are carried out to achieve the maximum interest possible on available funds.

These transactions are authorised and checked by at least two members of the Treasury Team.

CHAPS (Clearing House Automated Payment System) payments are now available on-line too. These are same-day payments. However, any CHAPS payments have to be authorised by the Treasurer or the Deputy Section 151 Officer. These are very rarely used, normally for investments only.

7.1.3 Investment and Borrowing Transactions

A detailed spreadsheet register of all loans and investments is maintained by the Treasury Management Team.

A written acknowledgement of each deal is sent promptly to the lending or borrowing institution where transactions are done directly with the organisation.

Written confirmation is received and checked against the dealer’s records for the transaction.

Any discrepancies are immediately reported to the Treasurer for resolution.

All transactions placed through brokers are confirmed by a broker note showing details of the loan arranged. Written confirmation is received and checked against the dealer’s records for the transaction. Any discrepancies are immediately reported to the Treasurer for resolution.

7.1.4 **Regularity and Security**

Lending is only made to institutions on the approved list of counterparties.

The delegated officer has a record of all investments maturity dates and loan repayment dates.

All loans raised and repayments made go directly to and from the bank account of approved counterparties.

Brokers have a list of named officials authorised to agree deals.

7.1.5 **Checks**

- The bank reconciliation is carried out monthly from the bank statement to the financial ledger.
- A debt charge/investment income listing is produced every six months when a review is undertaken against the budget for interest earnings and debt costs
- The Authority will ensure that the external funds we invest in, are accounted for in accordance with proper accounting practices.
- The Authority will treat our external fund(s) as our own investments and will separate the assets into their component parts. As a result, the Authority will only take realised gains and losses and interest (accrued and received) to the Income and Expenditure Account.

7.1.6 **Calculations**

The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the delegated Treasury Officer.

The spreadsheet automatically calculates periodic interest payments of PWLB and other long-term loans. This is used to check the amount paid to lenders.

Average weighted capital loans fund interest rates and debt management expenses are calculated monthly using information from the spreadsheet and a monthly report from our Treasury consultants.

These interest and expense rates are then used to calculate the principal, interest and debt management expense charges to the Loans Fund.

7.2 Emergency and Contingency Planning Arrangements

Arrangements are in place within the Finance Department's Business Continuity Plan for Treasury Management.

In the event of the failure of the Internet Banking System then all information required to carry out the daily procedures can be obtained by phone from the Authority's bank. BACS/CHAPS payments may be made by using paper forms and faxing to the bank, after all relevant authorising signatories are obtained.

It is possible for the delegated member of the Treasury Team to access the on-line banking from home, should the need arise.

All members of the Treasury Management Team are familiar with this plan and new members will be briefed on it.

All computer files are backed up on the server to enable files to be accessed from remote sites.

7.3 Protection Policy/Insurance

The Authority's current protection policy is with the Fire and Rescue Indemnity Company (FRIC). This is for Motor, Property, Public Liability, Employees/Employers Liability, personal accident, business interruption and computers.

For business travel the Service is insured by Zurich Municipal (ZM). ZM also carry out the service engineering (equipment) inspection.

8. Market Risk Management

This Authority will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

The Authority has no intention of making investments where the principal value can fluctuate (Gilts, CDs, Etc).

TMP 1 SCHEDULE 1 – SPECIFIED AND NON SPECIFIED INVESTMENTS

SPECIFIED INVESTMENTS:

These are sterling investments that do not exceed 365 days and are with:

- an organisation that has a high credit rating;
- other local authority or,
- Central Government.

Strategy for specified Investments:

The Authority expects to have a net surplus of funds throughout 2021/22 and will invest those funds through the money market with those organisations included on its approved lending list (attached as Annex A).

The Authority's approved lending list includes the following organisations which are thus deemed to have a high credit rating:

- UK and Foreign Banks with a short-term rating of F1 or F1+ and a long-term rating of AA- or higher.
- UK Building Societies with a short-term rating of F1 or F1+ and a long-term rating of AA- or higher.

Ratings are those given by Fitch, the credit rating agency. In compiling the lending list, other factors such as legal rating and individual rating, which Fitch also provide, have been taken into consideration. The lending list is regularly reviewed to ensure that the organisations included maintain their credit ratings at the required level.

Investments will be made for terms of up to 365 days. The Authority will consider its cash flow requirements, prevailing market conditions and advice from its Treasury Advisers when determining exact terms for each investment, in order to ensure that it is both favourable and prudent. At the time of writing, interest rates are at a low point.

Non-Specified Investments:

These are any other investments that do not meet the criteria above for Specified Investments.

The Authority has no investments other than the short-term investment of surplus cash through the money market. Under previous regulations the investment of surplus cash was restricted to periods not exceeding 365 days. Under the new regulations that restriction is removed, however investments that do exceed 365 days are classified as non-specified investments because of the greater degree of risk they carry.

The Authority is investigating the use of Property Funds to supplement their investment portfolio and these would be in excess of 365 days. The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. The Authority will seek guidance on the status of any fund it may consider using.

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 **	Green	In-house

**** Countries included on Lending List: (as at 05.02.2021)**

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland
- U.S.A

AA+

- Canada
- Finland

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Qatar
- U.K.

Term deposits with nationalised banks and banks and building societies

	Minimum Credit Criteria	Use	Max % Limit	Max Maturity Period
UK banks	Orange	In-house	50%	**1 year**
UK banks and Building Societies	Red	In-house	50%	**6 months**
UK banks and Building Societies	Green	In-house	50%	**100 days**
UK banks and Building Societies	No Colour	In-house	Not to be used	
UK part nationalised banks	Blue	In-house	90%	**1 year**
DMADF	AAA	In-house	Unlimited	**6 months**
Local Authorities	N/A	In-house	50%	**5 years**
Money Market Funds LVNAV	AAA	In-house and Fund Managers		**1 year**
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	In-house and Fund Managers		**1 year**
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	In-house and Fund Managers		**1 year**
Non-UK Banks	Orange	In-house and Fund Managers	50%	**1 year**

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 is investigating the use of Property Funds to supplement their investment portfolio and these would be in excess of 365 days. The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. The Authority will seek guidance on the status of any fund it may consider using.

TMP 2 PERFORMANCE MEASUREMENT

1. **Evaluation and Review of Treasury Management Decisions**

The Authority has a number of approaches to evaluating treasury management decisions:

a. quarterly reviews carried out by the Treasury Management Team,
b. reviews with our treasury management consultants,
c. annual review after the end of the year as reported to full FRA,
d. half yearly/quarterly/other monitoring reports to FRA,
e. comparative reviews,
f. strategic, scrutiny and efficiency value for money reviews.

2. **Periodic Reviews during the Financial Year**

The Treasurer holds a treasury management review meeting with the Treasury Management Team every quarter to review actual activity against the Treasury Management Strategy Statement and cash flow forecasts.

This will include:

a. Total debt (both on-and off balance sheet) including average rate and maturity profile.
b. Total investments including average rate and maturity profile and changes to the above from the previous review and against the TMSS.

3. **Reviews with Our Treasury Management Consultants**

The Treasury Management Team holds reviews with our consultants every six months to review the performance of the investment and debt portfolios. Our consultants also provide a monthly Investment portfolio.

4. **Annual Review after the End of the Financial Year**

An Annual Treasury Report is submitted to the FRA each year after the close of the financial year. The report details the performance of the debt/investment portfolios. This report contains the following:

a. total debt and investments at the beginning and close of the financial year and average interest rates,
b. borrowing strategy for the year compared to actual strategy,

c. investment strategy for the year compared to actual strategy,
d. explanations for variance between original strategies and actual,
e. debt rescheduling done in the year,
f. actual borrowing and investment rates available through the year,
g. comparison of return on investments to the investment benchmark,
h. compliance with Prudential and Treasury Indicators,
i. other.

5. **Comparative Reviews**

When data becomes available, comparative reviews are undertaken to see how the performance of the Authority on debt and investments compares to other Authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are locally set). Data used will be sourced from:

- CIPFA Treasury Management statistics published each year for the last complete financial year.
- Reviews from Treasury Advisers (Link).

6. **Benchmarks and Calculation Methodology**

6.1 **Debt Management**

- Average rate on all external debt.
- Average period to maturity of external debt.
- Average period to maturity of new loans in previous year.

6.2 **Investment**

The performance of investment earnings will be measured against the following benchmarks:

7 day LIBID uncompounded

7. **Consultants'/Advisers' Services**

This Authority's policy is to appoint full-time professional treasury management consultants and separate leasing advisory consultants.

8. **Policy on External Managers (Other Than Relating to Superannuation Funds)**

The Authority's policy is not to appoint external investment fund managers.

TMP 3 DECISION-MAKING AND ANALYSIS

1. **Funding, Borrowing, Lending, and New Instruments/Techniques**

1.1 **Records to Be Kept**

The Treasury Section has a paper treasury management system backed up by electronic records in which all investment and loan transactions are recorded.

Full details of the system are covered in the user manual. The following records will be retained*:*

Daily cash balances and forecasts
Money market rates obtained by email from brokers/banks
Dealing slips for all money market transactions
Brokers' confirmations for investment and temporary borrowing transactions
Confirmations from borrowing/lending institutions where deals are done directly
PWLB loan confirmations
PWLB debt portfolio schedules.

1.2 **Processes to Be Pursued**

Cash flow analysis
Debt and investment maturity analysis
Ledger reconciliation
Review of opportunities for debt restructuring
Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money)
Performance information (eg monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns etc.)

1.3 **Issues to Be Addressed**

1.3.1 *In respect of every treasury management decision made the Authority will:*

a. above all be clear about the nature and extent of the risks to which the Authority may become exposed;

b. be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained;

c. be content that the documentation is adequate both to deliver the Authority's objectives and protect the Authority's interests, and to deliver good housekeeping;

d. ensure that third parties are judged satisfactory in the context of the Authority's creditworthiness policies, and that limits have not been exceeded;

e. be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

1.3.2 *In respect of borrowing and other funding decisions, the Authority will:*

a. consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets;

b. evaluate the economic and market factors that might influence the manner and timing of any decision to fund;

c. consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships;

d. consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

1.3.3 *In respect of investment decisions, the Authority will:*

a. consider the optimum period, in the light of cash flow availability and prevailing market conditions;

b. Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Authority to changes in the value of its capital.

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

1. Approved Activities of the Treasury Management Operation

Borrowing
Lending
Debt repayment and rescheduling
Consideration, approval and use of new financial instruments and treasury management techniques
Managing the underlying risk associated with the Authority's capital financing and surplus funds activities
Managing cash flow
Banking activities
Leasing

2. Approved Instruments for Investments

The Authority must approve an Annual Investment Strategy in compliance with Government Guidance on Local Government Investments issued under Section 15 (1) (a) of the Local Government Act 2003. This sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

3. Approved Techniques

The strategy deals with the credit ratings defined for each category of investments ensuring security and liquidity of investments.

4. Approved Methods and Sources of Raising Capital Finance

Finance will only be raised in accordance with the Local Government Act 2003 and within this limit the Authority has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet	Fixed	Variable
PWLB	●	●
Internal (capital receipts and revenue balances)	●	●
Leasing (not operating leases)	●	●

Other Methods of Financing
Government and EC Capital Grants
Operating leases

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The responsible officer has delegated powers in accordance with Financial Regulations, Standing Orders, the Scheme of Delegation to Officers Policy and the Treasury Management Strategy to take the most appropriate form of borrowing from the approved sources.

5. Investment Limits

The Annual Investment Strategy sets out the limits and the guidelines for use of each type of investment instrument.

6. Borrowing Limits

See the Treasury Management Strategy Statement and Prudential and Treasury Indicators.

TMP 5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES AND DEALING ARRANGEMENTS

1. **Allocation of Responsibilities**

1.1 **Fire and Rescue Authority**

- Receiving and reviewing regular reports on treasury management policies, practices and activities.
- Recommending 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.
- Approving the selection of external service providers and agreeing terms of appointment.

1.2 **Treasurer**

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

2. Principles and Practices Concerning Segregation of Duties

The following duties must be undertaken by separate officers:

Dealing	Negotiation and approval of deal. Receipt and checking of brokers confirmation note against loans diary. Reconciliation of cash control account. Bank reconciliation.
Accounting Entry	Production of transfer note. Processing of accounting entry.
Authorisation/Payment of Deal	Entry onto system. Approval and payment.

3. Treasury Management Organisation Chart

Chief Fire Officer/Chief Executive

|

Assistant Chief Officer/Treasurer

|

Chief Accountant

Principal Finance Officer

Principal Finance Officer

4. Statement of the Treasury Management Duties/Responsibilities of each Treasury Post

4.1 The Responsible Officer (Treasurer)

The responsible officer is the person charged with professional responsibility for the treasury management function and in this Authority is the Treasurer.

This person will carry out the following duties:

a. recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;

b. submitting regular treasury management policy reports;

c. submitting budgets and budget variations;

d. receiving and reviewing management information reports;

e. reviewing the performance of the treasury management function;

f. ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;

g. ensuring the adequacy of internal audit, and liaising with external audit;

h. recommending the appointment of external service providers;

i. the responsible officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments;

j. the responsible officer may delegate his power to borrow and invest to members of his staff. The Chief Accountant and the Treasury Management Team must conduct all dealing transactions, or staff authorised by the responsible officer to act as temporary cover for leave/sickness. All transactions must be authorised by at least two of the named officers above;

k. the responsible officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible;

l. prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Authority's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Authority's Financial Regulations;

m. it is also the responsibility of the responsible officer to ensure that the Authority complies with the requirements of The Non-Investment Products Code (formerly known as the London Code of Conduct) for principals and broking firms in the wholesale markets.

4.2 **The Chief Accountant**

The responsibilities of this post will be:

a. adherence to agreed policies and practices on a day-to-day basis,

b. supervising Treasury Management staff,

c. monitoring performance on a day-to-day basis,

d. submitting management information reports to the responsible officer,

e. identifying and recommending, opportunities for improved practices.

4.3 **The Chief Fire Officer/Chief Executive**

The responsibilities of this post will be:

a. Ensuring that the system is specified and implemented.

b. Ensuring that the responsible officer reports regularly to the Fire & Rescue Authority on treasury policy, activity and performance.

4.4 **The Principal Finance Officers**

The responsibilities of this post will be:

a. Monitoring the daily cashflow and day-to-day transactions.

b. Execution of transactions.

c. Maintaining relationships with counterparties and external service providers.

d. Monitoring investments and loans with regards to maturing and repayment dates.

e. Monthly bank reconciliations.

f. Ensuring all paperwork for raising loans and investments is recorded correctly and is in accordance with the Treasury Management Strategy.

4.5 **Internal Audit**

The responsibilities of Internal Audit will be:

a. Reviewing segregation with approved policy and treasury management practices.

b. Reviewing segregation of duties and operational practice.

c. Assessing value for money from treasury activities.

d. Undertaking probity audit of treasury function.

4.6 Absence Cover Arrangements

Both Principal Finance Officers have access, passwords and smartcards to enable them to use the on-line banking service for all day-to-day transactions.

4.7 Dealing Limits

There are no dealing limits for individual posts.

4.8 Settlement Transmission Procedures

A formal form/letter signed by two agreed cheque signatories setting out each transaction is completed where preliminary instructions have been given by telephone. For payments a transfer will be made through the Banks on-line system to be completed by 2.00 pm on the same day.

4.9 Documentation Requirements

For each deal undertaken a record is prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker (if one used).

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

1. **Annual Programme of Reporting**

a. Annual reporting requirements before the start of the year:

   i. review of the organisation's approved clauses, Treasury Management Policy Statement and practices;

   ii. strategy report on proposed treasury management activities for the year comprising of the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy Statement.

b. Mid-year review.

c. Annual review report after the end of the year.

2. **Annual Treasury Management Strategy Statement**

2.1 The Treasury Management Strategy Statement sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to FRA for scrutiny and approval before the commencement of each financial year.

2.2 The formulation of the annual Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, this Authority may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.

2.3 The Treasury Management Strategy Statement is concerned with the following elements:

   a. Prudential and Treasury Indicators
   b. current Treasury portfolio position
   c. borrowing requirement
   d. prospects for interest rates
   e. borrowing strategy
   f. policy on borrowing in advance of need
   g. debt rescheduling
   h. investment strategy
   i. creditworthiness policy
   j. policy on the use of external service providers

k. any extraordinary treasury issue

l. the MRP strategy

2.4 The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable), and highlight sensitivities to different scenarios.

3. **The Annual Investment Strategy Statement**

At the same time as the Members receive the Treasury Management Strategy Statement they will also receive a report on the Annual Investment Strategy which will set out the following:

a. The Authority's risk appetite in respect of security, liquidity and optimum performance.

b. The definition of high credit quality to determine what are specified investments as distinct from non specified investments.

c. Which specified and non specified instruments the Authority will use.

d. Whether they will be used by the in house team, external managers or both (if applicable).

e. The Authority's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list.

f. Which credit rating agencies the Authority will use.

g. How the Authority will deal with changes in ratings, rating watches and rating outlooks.

h. Limits for individual counterparties and group limits.

i. Country limits.

j. Levels of cash balances.

k. Interest rate outlook.

l. Budget for investment earnings.

m. Policy on the use of external service providers.

4. **The Annual Minimum Revenue Provision**

This statement will set out how the Authority will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

5. **Policy on Prudential and Treasury Indicators**

5.1 The Authority approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.

5.2 The responsible officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the responsible officer shall submit the changes for approval to the FRA.

6. **Mid-Year Review**

The Authority will review its treasury management activities and strategy on a six monthly basis. This review will consider the following:

a. activities undertaken,

b. variations (if any) from agreed policies/practices,

c. interim performance report,

d. regular monitoring,

e. monitoring of treasury management indicators for local authorities.

7. **Annual Review Report on Treasury Management Activity**

An annual report will be presented to the FRA at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. This report will include the following:

a. transactions executed and their revenue (current) effects,

b. report on risk implications of decisions taken and transactions executed,

c. compliance report on agreed policies and practices, and on statutory/regulatory requirements,

d. performance report,

e. report on compliance with CIPFA Code recommendations,

f. monitoring of treasury management indicators

8. **Management Information Reports**

Management information reports will be prepared at least twice a year by the Treasurer and will be presented to the FRA.

These reports will contain the following information:

a. a summary of transactions executed (may want to add brokers used and fees paid) and their revenue (current effects);

b. measurements of performance including effect on loan charges/investment income;

c. degree of compliance with original strategy and explanation of variances;

d. any non-compliance with Prudential limits or other treasury management limits.

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

1. Statutory/Regulatory Requirements

The Accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices. The Authority has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to this Authority's treasury management activities.

2. Accounting Practices and Standards

Due regard is given to the Statements of Recommended Practice and Accounting Standards (SORP's) as they apply to Local Authorities in Great Britain.

3. Sample Budgets/Accounts/Prudential and Treasury Indicators

The Treasurer will prepare a four year medium term financial plan with Prudential and Treasury Indicators for treasury management which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. This will bring together all the costs involved in running the function, together with associated income. The Treasurer will exercise effective controls over this budget and monitoring of performance against Prudential and Treasury Indicators, and will report upon and recommend any changes required in accordance with TMP6.

4. List of Information Requirements of External Auditors

- Reconciliation of loans outstanding in the financial ledger to treasury management records.
- Maturity analysis of loans outstanding.
- Certificates for new long term loans taken out in the year.
- Reconciliation of loan interest, discounts received and premiums paid to financial ledger by loan type.
- Calculation of loans fund interest and debt management expenses.
- Calculation of interest on working balances.

- Interest accrual calculation.
- Principal and interest charges records.
- Analysis of any deferred charges.
- Calculation of loans fund creditors.
- Annual Treasury Report.
- Treasury Management Strategy Statement and Prudential and Treasury Indicators.
- Review of observance of limits set by Prudential and Treasury Indicators.
- Calculation of the Minimum Revenue Provision.
- Treasury Management consultants valuations including investment.
- Income schedules and movement in capital values.

5. **<u>Monthly Budget Monitoring Report</u>**

Monthly electronic Budget Monitoring reports are produced for the CMT and go out monthly. Whilst a written budget monitoring report goes to CMT regularly. The report is intended to highlight any variances between budgets and spend in order that the Authority can assess its financial position. Details of treasury management activities are included within this report.

TMP 8 CASH AND CASHFLOW MANAGEMENT

1. Arrangements for Preparing/Submitting Cash Flow Statements

Cash flow projections are prepared annually, monthly and daily. The annual and monthly cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

2. Bank Statements Procedures

The Authority receives weekly bank statements and a daily download of data from its bank. All amounts on the statement are checked to source data from Payroll, Creditors etc.

A formal bank reconciliation is undertaken on a monthly basis by a Principal Finance Officer (PFO).

3. Payment Scheduling and Agreed Terms of Trade With Creditors

Our policy is to pay creditors within 30 days of the invoice date and this effectively schedules the payments.

4. Arrangements for Monitoring Debtors/Creditors Levels

The Treasurer is responsible for monitoring the levels of debtors and creditors. A monthly Debtors and Creditors reconciliation is carried out monthly by a PFO.

5. Procedures for Banking of Funds

All money received by an officer on behalf of the Authority will without unreasonable delay be passed to the Finance Admin Assistants (FAA), to deposit in the Authority's banking accounts. The FAA will notify a PFO each week of cash and cheques being banked the next day so that the figures can be taken into account in the daily cash flow.

TMP 9 MONEY LAUNDERING

This Authority is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money.

Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed below:

1. Background Legislation

There are several Acts of Parliament and the FSA (Financial Services and Markets Act 2000) has also made provisions relating to money laundering, with the main legislation being contained in the Criminal Act 1993 (which contains the provision to implement the EU Money Laundering Directive).

Detailed money laundering regulations came into effect on 1 March 2004 under SI 2003 No 3075, and this Statutory Instrument, along with the Acts listed below, cover the main compliance requirements.

The key requirements of this legislation cover an area wider than the fairly narrow Treasury Management function, including possessing, or in any way dealing with, or concealing, the proceeds of crime.

Whilst the Authority is not directly required to implement the requirements of the Money Laundering Regulations 2003 (except through this TMP), the implications of the Terrorism Act 2000, the Anti-Terrorism, Crime and Security Act 2001 and The Proceeds of Crime Act 2002 place an onus of responsibility on individuals associated with treasury process to consider its implications.

2. Outline of the Requirements of the Regulations and Statutes

Every Officer should in the course of Authority business implement:

2.1 Identification Procedures

(SI 2003/3075 Money Laundering Regulations, 4 & 5). This regulation applies if:

a. You are forming a business relationship; or

b. considering undertaking a one-off transaction; and

i. suspect a transaction involves money laundering,

ii. a payment is to be made for Euro 15,000 or more (approximately £10,000).

c. In respect of two or more one-off transactions that the transactions are linked and involve Euro 15,000 or more.

2.2 **In these instances you should:**

a. Set up and maintain identification procedures to ensure the counterparty produces satisfactory evidence of his identity.

b. Follow the procedures to ensure the counterparty provides satisfactory evidence.

2.3 **These procedures should reflect:**

a. The greater potential for money laundering if the counterparty is not physically present when being identified.

b. If satisfactory evidence is not obtained the relationship or transaction does not proceed.

c. If the counterparty acts, or appears to act, for another person, reasonable measures must be taken for the purpose of identifying that person.

2.4 The primary exception to this requirement is if the counterparty carries on FSA regulated business in the UK (or comparable or by overseas regulatory authority) it is not required that you obtain evidence. In this case most treasury transactions will be undertaken with or via relevant businesses, although there may be isolated exceptions such as the Post Office.

2.5 **Record Keeping Procedures (Money Laundering Regulation 6)**

The Authority should maintain procedures covering the retention of records. To ensure compliance, records are required to be kept for 5 years after the end of the transaction or relationship.

2.6 **Internal Reporting Procedures (Money Laundering Regulation 7)**

The Authority maintains internal reporting procedures which document:

a. the “nominated officer”, the Treasurer is the Money Laundering Reporting Officer (MLRO) who will receive nominations under this regulation;

b. any other person in the organisation to whom information may arise which may result in them knowing or suspecting reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime;

c. if the MLRO receives a disclosure they should consider, in the light of all information, whether it gives rise to such knowledge or suspicion; and

d. if the MLRO determines that the information or matters should be disclosed they should do so to the National Criminal Intelligence Service (see 8. below).

2.7 **Other Procedures (Money Laundering Regulation 3(b))**

The Authority should establish other procedures of internal control and communication as may be appropriate for the purpose of forestalling and preventing money laundering.

2.8 **Training (Money Laundering Regulation 3(c))**

The Authority should take appropriate measures to ensure that relevant employees are:

a. Made aware of the provisions of these regulations, Part 7 of the Proceeds of Crime Act 2002, Section 117 of the Anti-Terrorism, Crime and Security Act 2001 and sections 18 and 21A of the Terrorism Act 2000 (these deal with the offences and are available from www.legislation.hmso.gov.uk)

b. Given training in how to recognise and deal with transactions which may be related to money laundering.

c. National Crime Intelligence Service – In the event of an offence or a possible offence you should contact: NCIS Law enforcement personnel: Contact NCIS initially through 020 7238 8000.

2.9 In order to address these requirements the Authority has set up the following procedures:

2.9.1 *For Treasury Management Purposes:*

1. ***Training –*** Through this document and specific training, Treasury staff will be kept aware of developments in money laundering regulations. The Treasurer will keep abreast of money laundering issues through publications and internet. The Treasurer will, if required, arrange appropriate training for Treasury Management staff to ensure that they are kept up-to-date with treasury management issues including money laundering.

2. ***Material and regular deposits or borrowing –*** For all investment or borrowing counterparties, the ACO and Treasury Officer will ensure that the counterparty has been suitably identified. This will take the form of:

2.9.2 *Investment Counterparties* - All investment counterparties which are maintained on the Authority's lending list will be a deposit taker authorised by a regulatory body such as the FSA. Those counterparties not authorised as a deposit taker though the FSA are institutions such as the Bank of England or Post Office and are not required to be the subject of stringent identification procedures, but Treasury staff will review these on a case by case basis.

2.9.3 *Borrowing Counterparties* – All borrowing counterparties are dealt with through either the following routes:

i. ***Via Money brokers –*** In this instance Money Laundering Regulations 5(2) applies in as much as the combination of the use of brokers and reasonable grounds that the counterparty carried on authorised business in the UK.

ii. ***Direct dealing –*** In this instance the Authority uses only recognised names, ones with credit ratings and to which the Authority has reasonable grounds to expect that the counterparty carries on regulated business in the UK. For a few notable exceptions such as Bank of England or Post Office, the nature of their business does not require stringent identification procedures, but the Authority will undertake procedures to 'know the counterparty'.

2.9.4 If any Treasury investment counterparties are not known to the Authority the Treasury Officer will ensure identification of the counterparty by checking the credit rating of the organisation via the Authority's treasury advisers, Sector. This would normally be undertaken during the compilation of the counterparty list. If the counterparty is neither credit rated, nor known to be carrying on regulated business (eg FSA), the Authority will not deal with that organisation.

2.9.5 *Small or Irregular Treasury Deposits* **–** The Authority does not accept deposits from local institutions of individuals.

2.10 **Non-Treasury Management Transactions**

2.10.1 **Regular cash and other receipts –** The Authority will in the normal operation of its services accept cash payments from individuals or organisations in relation to rents, sundry debtors etc. However the de minimus limit of Euro 15,000 applied in the regulations will mean that the requirements of the regulations do not apply to the majority of the Authority's customers, unless the Authority employee would have reasonable grounds to suspect money laundering activities of crime or is simply suspicious.

2.10.2 Significant cash receipts should be properly evaluated, evidence gathered and if not supported, refused. Any bank payments from unknown or overseas banks should be subject to similar scrutiny.

2.10.3 **Occasional receipts from infrequent customers –** The main receipts accepted by the Authority will be related to capital receipts from the sale of assets, although any other receipts in excess of Euro 15,000 will be reviewed.

2.10.4.**Payments –** The majority of the payments by the Authority will be via the payroll directly to bank accounts. Similarly the majority of creditor payments will be paid via BACS directly to domestic bank accounts or by crossed cheques and so the same controls will apply. In these cases the relevant bank will be required to comply with the money laundering regulations for their clients.

2.10.5 **Cash Payments –** The Authority does not make cash payments.

2.10.6 **Refunds –** A significant overpayment which results in a repayment will be properly investigated and authorised before payment.

2.10.7 **Fraud –** The Authority will regularly review risk areas, materiality and probability of loss.

2.11 Reporting

The Money Laundering Reporting Officer for this Authority is the Treasurer. Any concern of a transaction possibly being linked to either money laundering of the proceeds of crime must be referred to the MLRO for consideration and if the concerns are validated the NCIS must be notified.

2.12 Proceeds of Crime Act 2002

Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering. In summary, these are:

- concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland;
- being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property;
- acquiring, using or possessing criminal property.

These apply to all persons in the UK in a personal and professional capacity. Any person involved in any known or suspected money-laundering activity in the UK risks a criminal conviction. Other offences under the POCA include:

- failure to disclose money-laundering offences
- tipping off a suspect, either directly or indirectly
- doing something that might prejudice an investigation – for example, falsifying a document.

2.13 **Terrorism Act 2000**

This Act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.

2.14 **The Money Laundering Regulations 2007**

Organisations pursuing relevant business (especially those in the financial services industry regulated by the FSA) are required to appoint a nominated officer and implement internal reporting procedures; train relevant staff in the subject; establish internal procedures with respect to money laundering; obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken and report their suspicions. In December 2007 the UK Government published the Money Laundering Regulations 2007, which replaced the Money Laundering Regulations 2003.

2.15 **Local Authorities**

Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and may commit most of the principal offences under the POCA, but are not legally obliged to apply the provisions of the Money Laundering Regulations 2007. However, as responsible public bodies, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly this Authority will do the following:

a. evaluate the prospect of laundered monies being handled by them;

b. determine the appropriate safeguards to be put in place;

c. require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness;

d. make all its staff aware of their responsibilities under POCA;

e. appoint a member of staff to whom they can report any suspicions. This person is the Treasurer.

2.16 **Procedures for Establishing Identity/Authenticity of Lenders**

It is not a requirement under POCA for local authorities to require identification from every person or organisation it deals with. However, in respect of treasury management transactions, there is a need for due diligence and this will be affected by following the procedures below:

The Authority does not accept loans from individuals.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FSA website on www.fsa.gov.uk .

When repaying loans, the procedures in 2.17 will be followed to check the bank details of the recipient.

2.17 **Methodologies for Identifying Deposit Takers**

In the course of its Treasury activities, the Authority will only lend money to or invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FSA register can be accessed through their website on www.fsa.gov.uk.

All transactions will be carried out by BACS/CHAPS for making deposits or repaying loans.

TMP 10 TRAINING AND QUALIFICATIONS

The Authority recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity. There are two categories of relevant individuals:

a. Treasury management staff employed by the Authority,

b. Members charged with governance of the Treasury Management function.

All Treasury Management staff should receive appropriate regular training relevant to the requirements of their duties at the appropriate time. The Authority uses the Consultancy services of Link Asset Services Ltd to provide training for individual members of staff engaged on treasury related activities.

Additionally, training may also be provided on the job and it will be the responsibility of the Treasurer to ensure that all staff under his/her authority receive the level of training appropriate to their duties. This will also apply to those staff who from time to time cover for absences from the Treasury Management Team.

1. Details of Approved Training Courses

Treasury Management staff and Members will go on courses provided by our treasury management consultants, Link Asset Services Ltd, or on approved treasury management courses by providers such as CIPFA.

2. Records of Training Received by Treasury Staff

The Treasurer will maintain records on all staff and the training they receive.

3. Approved Qualifications for Treasury Staff

Assistant Chief Officer / Treasurer

Title: Treasurer
Professional Qualifications: CPFA

Officer responsible for TM under ACO

Title: Chief Accountant
Professional Qualifications: CGMA

Treasury Manager on a daily basis

Title: Principal Finance Officer
Professional Qualification: AAT

Other TM Team Members

Titles: Principal Finance Officers
Professional Qualifications: AAT

4. **Record of Secondment of Senior Management**

Records will be kept of senior management who are seconded into the Treasury Management Section in order to gain first hand experience of treasury management operations.

5. **Statement of Professional Practice (SOPP)**

1. Where the Chief Financial Officer is a member of CIPFA, there is a professional need for the CFO to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.
2. Other staff involved in treasury management activities who are members of Consultative Committee of Accounting Bodies (CCAB) must also comply with the SOPP.

6. **Member Training Records**

Records will be kept of all training in treasury management provided to Members.

7. **Members Charged With Governance**

Members charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

TMP 11 USE OF EXTERNAL SERVICE PROVIDERS

1. Details of Contracts with Service Providers, Including Bankers, Brokers, Consultants, Advisers

This Authority will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external consultants to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

It will also ensure that the skills of the in-house Treasury Management Team are maintained to a high enough level whereby they can provide appropriate challenge to external advice and can avoid undue reliance on such advice.

Treasury Management staff and their senior management will therefore be required to allocate appropriate levels of time to using the following sources of information so that they are able to develop suitable levels of understanding to carry out their duties, especially in challenge and avoiding undue reliance.

- The quality financial press.
- Market data.
- Information on Government support for banks.
- The credit ratings of that Government support.

2. Banking Services

Nat West

a. Name of supplier of service is the Nat West Bank.
b. Regulatory status – banking institution authorised to undertake banking activities by the FSA.
c. The branch address is:
High Street, Bedford
Corporate Service Team Tel No: 0345 835 1215
d. Cost of service is variable depending on schedule of tariffs and volumes.
e. Payments due monthly.
f. Annual review with the Bank to discuss, agree and sign the Advice of Borrowing Terms and Conditions.

Barclays

a. Name of second supplier of service is the Barclays Bank.

b. Regulatory status – banking institution authorised to undertake banking activities by the FSA.

c. The branch address is:
16/18 St. Peters Street, St. Albans AL3 4DZ
Corporate Service Team Tel No: 0800 027 1319

d. Cost of service is variable depending on schedule of tariffs and volumes.

e. Payments due monthly.

f. Annual review with the Bank to discuss, agree and sign the Advice of Borrowing Terms and Conditions.

3. <u>Consultants/Advisers Services</u>

3.1 Treasury Consultancy Services

The Authority will seek to take expert advice on interest rate forecasts, annual treasury management strategy, timing for borrowing and lending, debt rescheduling, use of various borrowing and investment instruments, how to select credit worthy counterparties to put on its approved lending list etc.

The performance of consultants will be reviewed by the Treasurer every 6 months to check whether performance has met expectations.

Name and address of supplier of service is:

Link Asset Services (formerly Capita)

6th Floor
65 Gresham Street
London
EC2V 7NQ
Tel: 0871 664 6800

a. Regulatory status: investment adviser authorised by the FSA.

b. Contract commenced 1 June 2018 and runs for three years to 31 May 2021.

c. Cost of service is £6,000 + VAT (increasing by 2.1% each year).

d. Payments due on 30 June 2018, 30 June 2019 and 30 June 2020.

3.2 **Credit Rating Agency**

The Authority receives a credit rating service through its treasury management consultants, the costs of which is included in the consultant's annual fee.

TMP 12 CORPORATE GOVERNANCE

List of Documents to be Made Available for Public Inspection

The Authority is committed to the principle of openness and transparency in its treasury management function and in all of its functions.

It has adopted the CIPFA Code of Practice on Treasury management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

The following documents are available for public inspection:

Treasury Management Policy Statement
Treasury Management Strategy Statement
Annual Investment Strategy
Minimum Revenue Provision Policy Statement
Annual Treasury Review Report
Treasury Management monitoring reports (eg half yearly)
Annual Accounts and Financial Instruments Disclosure Notes
Annual Budget
Four Year Capital Programme
Minutes of Committee Meetings

For Publication

Bedfordshire Fire and Rescue Authority
23 March 2021

REPORT AUTHOR: **DEPUTY CHIEF FIRE OFFICER**

SUBJECT: **EMERGENCY COVER REVIEW – PROGRESS UPDATE**

For further information Andrew Hopkinson
Deputy Chief Fire Officer
Tel No: 01234 845112

Background Papers: CRMP 2019/23

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known		OTHER (please specify)	
	New			

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To provide Members with an overview of progress to review our emergency cover provision in order to better understand how we are currently performing and to develop a data driven evidence base from which the FRA can develop options that seek to improve the efficiency and effectiveness of our emergency response both now and into the future.

RECOMMENDATIONS:

That Members:

1. **Note** and **comment** on the progress of the review and the emerging findings;
2. **Agree** to receive a more detailed explanation on the work of the review and potential future options at a specific Members workshop at a date to be confirmed.

---

1. Background

1.1 The current Community Risk Management Plan 2019/23 (CRMP) seeks to improve our self-awareness of the foreseeable fire and rescue related risks within Bedfordshire and ensure the Service is ‘fit for the future’ challenges as we pursue our mission to *provide outstanding fire and rescue services that help make Bedfordshire safer*.

1.2 The risks within Bedfordshire are constantly evolving and our emergency response cover needs to keep pace with the major growth planned across our County in the next 20-30 years.

1.3 We also need to ensure any future policy changes or investment decisions are data driven and evidence based. This is particularly important when considering future investment in our estates portfolio, particularly as we seek to co-locate with our partners. It has been some years since we saw major change in our fire station locations; the most recent being Dunstable in 2009 and the opening of Stopsley fire station in 1984.

1.4 Put simply, we want to be confident we are doing the right thing, using the right people and resources, provided in the right place and at the right time.

2 Scope of the Emergency Cover Review – Phases 1 & 2

2.1 The review has so far comprised two distinct phases, as set out in the CRMP annual action plans for 2019/20 and the current one for 2020/21.

2.2 The Service does not currently have the full capability and capacity to undertake this type of analysis so an external company (ORH Ltd) were engaged to support this work. ORH Ltd are a well established company with extensive experience of supporting emergency services and other agencies in risk and performance analysis and modelling.

Phase	CRMP Action	Objectives
Phase 1 (2019/20)	Utilising the latest technology, commission an in-depth analysis of our emergency cover arrangements.	Work with ORH to develop a risk and response analysis methodology that enables: • A review of incident, response and availability data • Analysis of response times and utilisation rates • Trend analysis and incident projections • Understanding of response times and risk profiles
Phase 2 (2020/21)	Using the outcomes from our 2019/20 review, develop options for improving our emergency response cover to meet current and future risks and demand.	Work with ORH to develop the methodology to enable future demand scenario planning with simulation modelling: • Station and appliance locations. • Appliance configuration options. • Incident projections and resilience More detail on conclusion and assessment of the analysis activity outputs from Phase 1 and explore a range of options that improve cover arrangements.

2.3 To support the analysis, an extensive suite of historical incident, mobilising and availability datasets covering a 5 year period were provided along with a range of available intelligence on community risk and the future growth plans within each of the three unitary authority areas. Appendix A is a heat map of all incidents over the 5 year period. Appendix B shows the future growth areas within Bedfordshire.

2.4 The Service area is broken down into Local Super Output Areas (LSOA) to aid comparisons. This provides a small enough geographical area to focus on local changes but gives large enough incident numbers to be meaningful.

2.5 The Service emergency response standards are set out in our CRMP as follows:

- For emergency calls, we will:
  - Answer 90% of 999 calls within 7 seconds or less
  - Mobilise required resources within 60 seconds or less on 80% of occasions.
- For critical fire incidents, (threaten life, structures or the environment), we will provide an initial response of:
  - 2 fire appliances (total 9 riders) on 90% of occasions
  - Arrive within 10 mins on 80% of occasions.
- For road traffic collisions (RTCs), we will:
  - Arrive within 13 mins on 80% of occasions.
- For secondary incidents (non-life risk), we will provide an initial response of:
  - 1 fire appliance with 5 crew
  - Arrive within 20 mins on 96% of occasions.

2.6 These standards are not subject to review but instead are used to benchmark our current response performance and changes over the 5 year reference period and when modelling potential future options to improve the efficiency and effectiveness of our response.

3 Summary of Phase 1 findings:

3.1 During Phase 1, the review has analysed:

- The numbers, types and locations of incidents
- Response times to incidents
- The level of resource availability
- Performance changes at a local level
- How key risk factors align to incident numbers

3.2 Spreadsheet tools have been produced to evaluate:

- Response times for multiple performance measures
- Availability of pumps by month and by hour
- Daily profile of resources at incidents and unavailable

3.3 Key Findings

- The incident profile is broadly consistent year-on-year
- Appliance availability has a greater effect on response performance than incident demand
- Parts of Bedfordshire are reliant on an 'over the border' (OTB) response
- IMD is a good predictor of incidents
- There are pockets of the county where there are long response times and relatively high risk levels, therefore key focus areas for prevention and protection?

3.4 The biggest changes are in the more rural areas and on the borders of Bedfordshire with some areas seeing decreases and other seeing increases as shown at appendix C and D. The area covered by on-call appliances at Shefford, Potton, Biggleswade and Sandy were a particular focus of the analysis with an average increase in response time of 1:28, mainly due to challenges in recruitment and retention of on-call firefighters in those areas.

3.5 The review has also analysed the relationship between the number of Fire and Special Service incidents within an LSOA and various measures. Previous work by ORH has shown that these are related to the risk of an incident occurring. The measures considered were:

- The Index of Multiple Deprivation (IMD) score by LSOA
- % of households which are Council Tax Band A
- The mean house price of an area
- The percentage of the population that is aged 65+
- The population density

3.6 Appendix E combines IMD score (shading) with response times (colours).

3.7 This highlights that areas around Harrold and Shefford have longer response times and are in the 30% most deprived areas in the country. Deprived areas within the major urban areas are well covered.

4 Phase 2 Summary

4.1 During Phase 2, the review has:

- Modelled the impacts of removing individual appliances and stations for both current availability and BFRS 90% target availability
- Investigated the optimal locations of all stations within Bedfordshire along with the optimal appliance configuration
- Modelled appliance configuration options in the Luton area
- Modelled appliance configuration options for the Bedford area

4.2 Key findings

- The largest performance contributions are made by wholetime appliances and wholetime stations.
- Achieving the 90% target for on-call availability would lead to large performance gains across BFRS.
- The optimal station configuration is fairly similar to the current position; the biggest difference was in Luton district.

- Adding a station at Leagrave with existing appliances improves 1st appliance response time, however 2nd appliance response time deteriorates.
- BFRS is well configured to absorb large increases in incident volumes if the geographical pattern of demand remains similar.

5 Conclusion & Next Steps

5.1 At this stage, the review has highlighted that a range of opportunities to improve our response performance but these need developing further in the context of our future estates strategy and available funding.

5.2 It is proposed that a half-day Members workshop be arranged to provide more dedicated time to develop Members awareness of the analysis undertaken so far and explore the potential options to improve response performance and maximise ROI in our Estate portfolio.

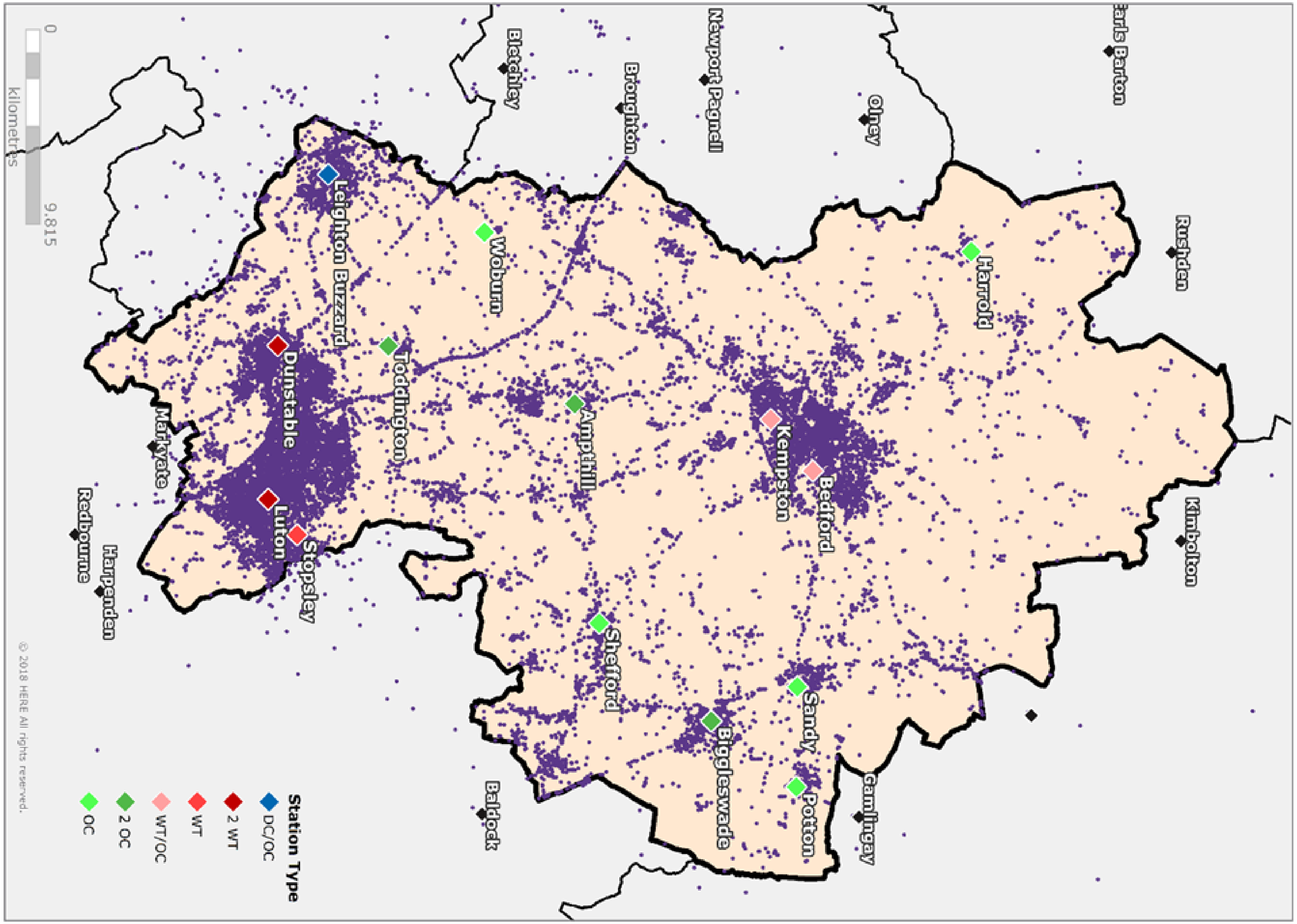
6 RECOMMENDATIONS:

That Members:

1. Note and **comment** on the progress of the review and the emerging findings;

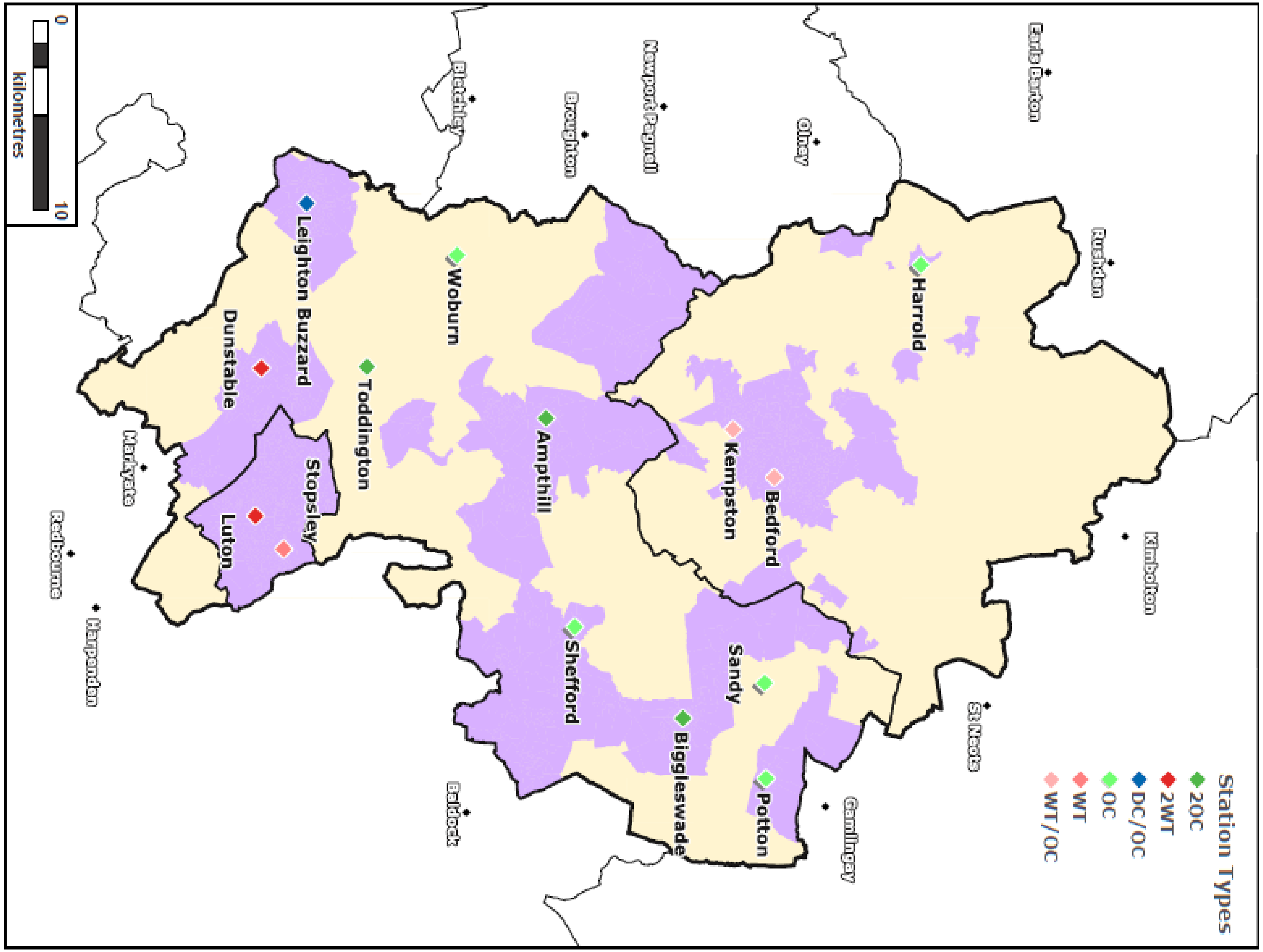
2. Agree to receive a more detailed explanation on the work of the review and potential future options at a specific Members workshop at a date to be confirmed.

ANDREW HOPKINSON
DEPUTY CHIEF FIRE OFFICER

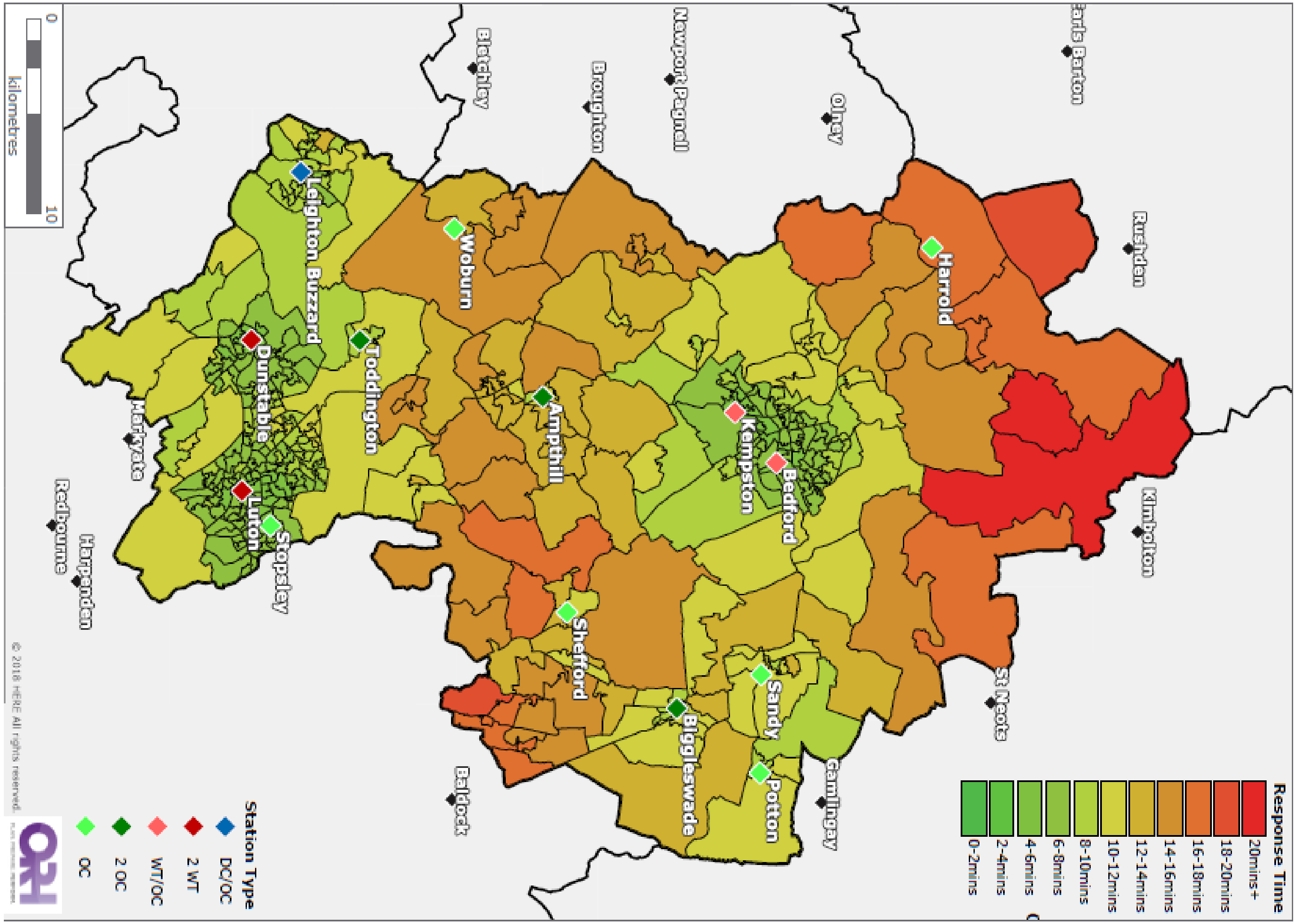


Appendix A – Heat map of all incidents from 2015/16 to 2018/19

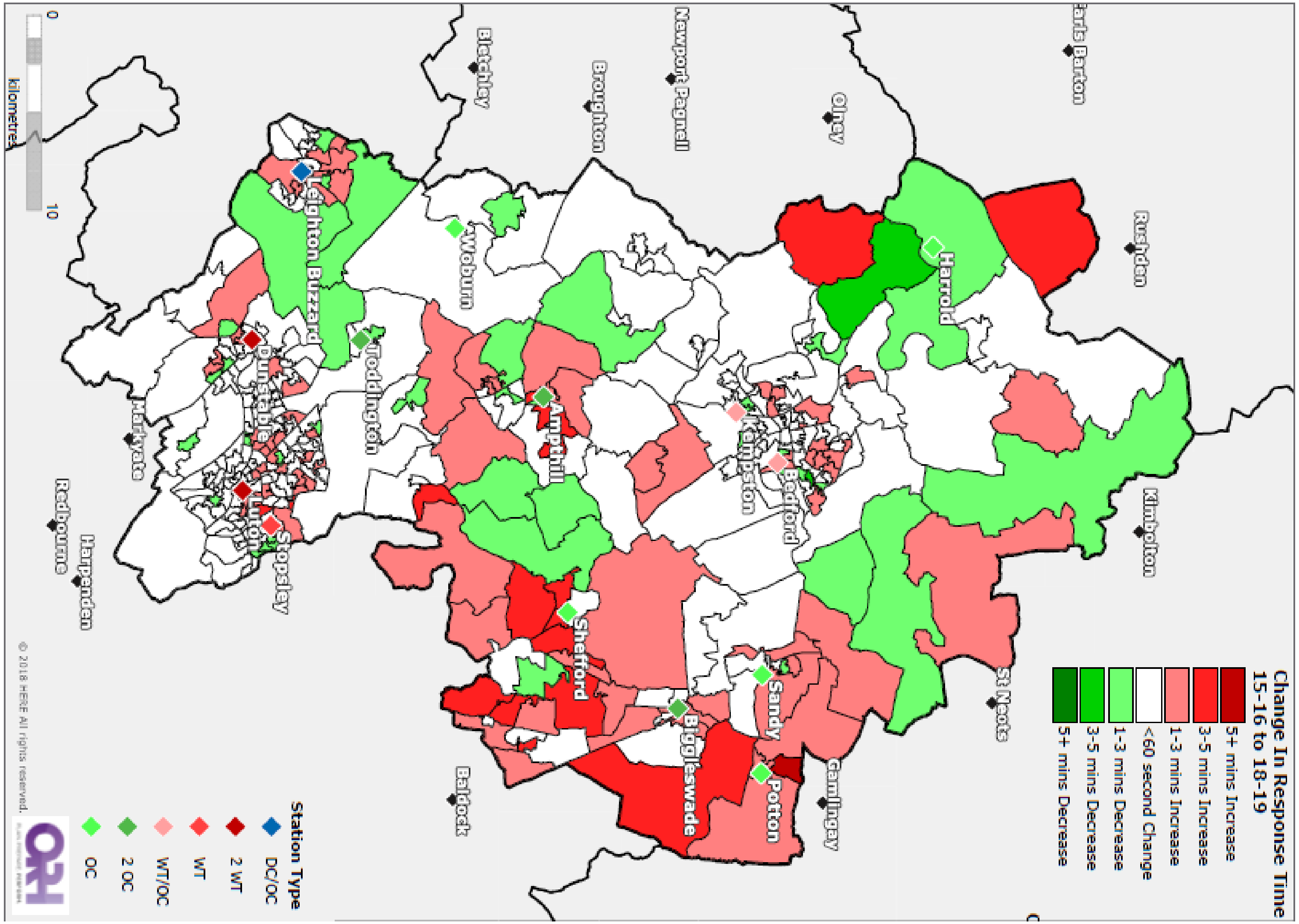
Appendix B – Areas of predicted growth



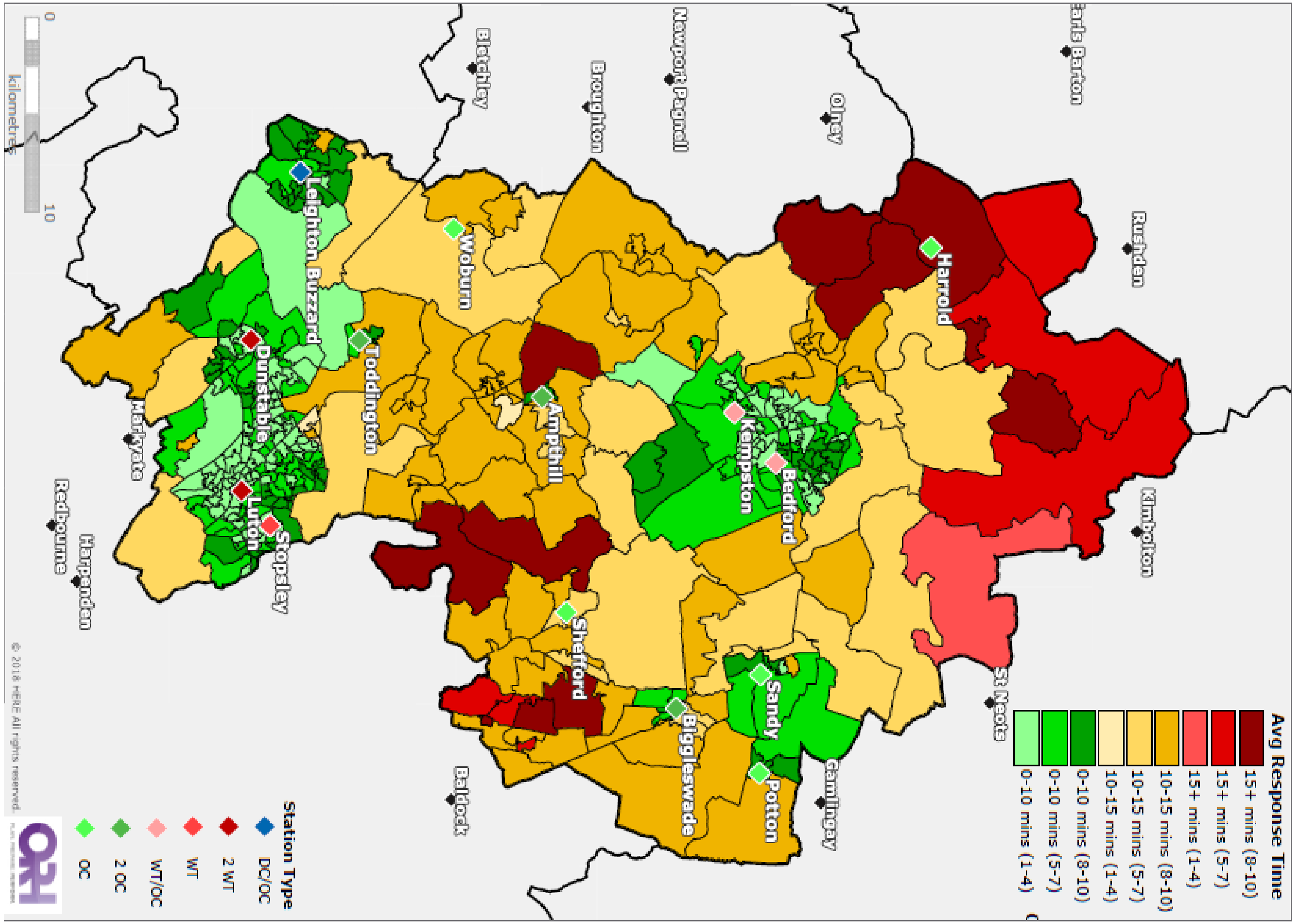
Appendix C – Analysis of average response time by LSOA



Appendix D – Changes in response times 2015/16 to 2018/19



Appendix E – Map combining IMD score (shading) with response times (colours)



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For Publication

Bedfordshire Fire and Rescue Authority
23 March 2021

REPORT AUTHOR: **DEPUTY CHIEF FIRE OFFICER**

SUBJECT: **BLUE LIGHT COLLABORATION UPDATE**

For further information Darren Cook
Head of Governance and Asset Management
Tel No: 01234 845000

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known		OTHER (please specify)	
	New			

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To provide Members with an overview of key collaboration initiatives between Bedfordshire Fire and Rescue Service (BFRS), Bedfordshire Police (BP) and East of England Ambulance Service Trust (EEAST) as managed through the Blue Light Collaboration Strategic Board (BLCSB).

RECOMMENDATION:

The Authority acknowledges the content of the report and the continued efforts to pursue collaboration with our blue light partners.

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1. <u>Background</u>

1.1. The Policing and Crime Act 2017 places a statutory duty on the emergency services to collaborate, where the collaboration is viewed to be in the interests of efficiency or effectiveness or where it will improve public safety. BFRS, BP and EEAST have a successful track record of collaborating operationally on several initiatives in recent years.

1.2. Collaboration between the three primary emergency services within Bedfordshire is co-ordinated through the BLCSB, jointly chaired by the Deputy Chief Fire Officer (DCFO) and the Deputy Chief Constable (DCC).

2. <u>Programme Governance</u>

2.1. The work of the BLCSB is now supported by the sub-ordinate Blue Light Collaboration Delivery Group (BLCDG) which meets quarterly. The key projects and workstreams are being tactically managed via the delivery group with the BLCSB providing strategic oversight and scrutiny.

3. Collaboration Overview

3.1. Following the disruption caused by the Covid19 pandemic during 2020, the Chair of the Blue Light Collaboration Delivery was commissioned to provide a matrix overview, for the benefit of all three services, all current collaboration initiatives highlighting what the collaboration involves, which partners BFRS are collaborating with and alignment with our CRMP strategic aims.

CRMP AIM	INITIATIVE	FIRE	POLICE	EEAST	OTHER	OPPORTUNITY
PREVENTING	Working with young people					Effective delivery of prevention activities by PCSO in educational facilities to reduce unwanted fires and reduce arson. Cadet schemes operating across both BP and BFRS.
PREVENTING	Arson Reduction Partnership					Effective planning and data sharing on all aspects of arson. Police record threats of arson to enable BFRS to proactively target areas that may be at risk of an incident and offer support to protect occupants
PREVENTING	Street events					Joint deployment to all events to maximise audience and operate more effectively. Opportunity to share data from local police units.

PREVENTING	Falls Team					Improved response time to vulnerable patients within the community releasing Ambulances for higher categories of call. Build a collaborative working relationship between BFRS and EEAST Provides BFRS access to vulnerable people and ability to provide fire safety advice in line with FRS act 2004 and CRMP objectives Provides a high level of medical training to BFRS home safety advisors who work in the community with vulnerable people.
PREVENTING	Dementia referral partnership				CCG	Income generation cost recovery for delivery of service. There is the risk reduction within the community in respect of a high-risk groups. There is potential wider health gains through making people safer e.g. Reduced hospital admissions
UTILISING	Ambulance vehicle servicing					Income generation to Fire, supports collaborative working opportunities. Increases the available assets for EEAST.
UTILISING	Theory Test support					Increases the available resource to EEAST to respond to incidents
UTILISING	Lincolnshire Police Quality Assurance of driving course					Supporting Police and Fire with quality assurance of driver training by qualified auditors in the driver training field.
UTILISING	Data protection Officer					Data protection support to ensure compliance

UTILISING	Driver training for PTS vehicles					Increasing the number of drivers for EEAST to transfer patients from hospital to additional care premises. This frees up beds for more in need patients.
RESPONDING	Ambulance driver support					Increases the number of assets available to EEAST through the pandemic.
RESPONDING	Public Access Defibrillators				Community heartbeat trust	County wide defibrillators located for use in the community supporting critical care delivery to the community pending arrival of EEAST.
PREVENTING EMPOWERING	Chaplaincy					Joint countywide Chaplaincy support service for all staff within Bedfordshire Fire and Rescue Service and Bedfordshire Police. There will be benefits to the wellbeing and support for staff through this service which supplements other Staff support services
UTILISING	Shared Estates - Bedford				Road Victims trust and Midshires search and rescue	Facilitates inter team working between agencies. Reduces estate cost and effectively utilises space at Fire premises.
UTILISING	Shared Estate – Ampthill					Provides an effective community service to the community by data sharing and further reach to the community.
UTILISING	Shared Estate – Dunstable					
UTILISING	Shared Estate – Toddington					
UTILISING	Shared Estate – Leighton Buzzard					Provides a basis to implement a Tri-service blue light estate strategy.

UTILISING	Shared Estate - Sandy					Cost recovery to lower financial strain on all organisations
UTILISING	Shared Estate - Shefford					
UTILISING	Shared Estate - Stopsley					
UTILISING	Joint Workshop and operational Hub					In planning stage
RESPONDING	What 3 Words					Incident location data is now shared across both control rooms reducing attendance times
RESPONDING	GoodSam					Live data streaming of incidents across Police and Fire control rooms for greater situational awareness.
RESPONDING	Throwlines				Multiple Bedford businesses along the embankment	Increased safety for Police as they now carry throwlines in their vehicles and secure public access throwline and reach pole along Bedford embankment
RESPONDING	Complex Patient Rescue (Bariatric)					Reduce the asset response required to deal with a complex patient rescue. Reduction in critical care time with a collaborative response.
RESPONDING	Incident sharing data					Storm data reports shared with BFRS to identify incidents of complex nature.

UTILISING RESPONDING	Water First Responder Course					Joint water rescue training with police to increase awareness of the dangers when they are committed to water. Sharing assets to deal effectively with water incidents. Cost saving to the police on the overall cost of the training compared to external supplier.
RESPONDING	Effecting Entry					There are mutual benefits for all three organisations and for the people of Bedfordshire through improved quality of services, cost effective use of previous partnership resources and sustainable solutions for managing public safety and public service demand in Bedfordshire.
RESPONDING	Emergency Medical Response					Potton, Harrold and Leighton Buzzard support critical patients with cardiac arrest.
RESPONDING	Missing Vulnerable persons				Midshires Search and rescue	Improved quality of service to the public in searching for missing persons. A more cost-effective use of combined resources and equipment to provide sustainable solutions.
RESPONDING	Tri-Force Drone Response				Cambridge Search and Rescue.	A tri force and tri service drone team that facilitates a drone asset across Beds, Herts and Cambs when required to support police and fire operations

4. Shared Estates update

4.1. Bedfordshire Police (BP), East of England Ambulance Service Trust (EEAST) and Bedfordshire Fire and Rescue Service (BFRS) continue to work towards co-locating at a number BFRS sites. The BLCSB continue to look at opportunities to harvest on the success of shared estates. Eight different BFRS locations now have a joint presence of either or all of the blue light partners.

4.2. Covid has impacted further opportunities to share estates as requirements were altered to deal with operational demand. These work streams will be resumed as the lifting of lockdown measure allow a return to a new normal.

4.3. Work continues to scope a Workshops functions of both BP and BFRS with the addition of an EEAST operational Hub. A strategic business case has been undertaken with a site specification now in progress. BLDSB continue to manage the progress of the workstream with the final space and specification requirement being presented in April 2021.

4.4. A Tri-service joint estate strategy has been presented to BLCSB to formalise a set of principles that will be adopted to provide strategic direction for estate collaboration.

5. Response Collaboration update

5.1. **Emergency & Non-urgent Medical Response:** BFRS has implemented emergency medical response at Potton, Harrold and Leighton Buzzard, this currently supports the pressures experienced by EEAST through the Covid-19 pandemic.

5.2. **Video Live Streaming from the Incident Ground (GoodSam):** BP and BFRS are able to share live video streaming service across control rooms and officers. This service improves situational awareness and allows instant evaluation of the incident in real time. This system has also been rolled out to the drone to complement all agencies at missing vulnerable persons.

5.3. **Drone Response:** The first strategic tri-force, tri service drone response meeting was held by ACC Sebire in February. The team has pilots and drones to support incidents across Bedfordshire, Hertfordshire and Cambridgeshire (BCH) supported by police and fire colleagues. The utilisation of joint Permission for Commercial Operators (PfCO) operates across all agencies with joint training and exercising. Work is currently in progress to enable training and assessment of drone pilots. This will enable a more effective and efficient training capability across BCH.

5.4. **Complex patient rescue (bariatric) response:** The introduction of the Technical Support Unit (TSU) assists EEAST with a collaborative response to complex patients. BFRS mobilise equipment and resources to ensure critical care can be delivered in the quickest possible way supporting colleagues in EEAST.

5.5. **Water First Responder Training:** Joint Protection Services (JPS) are undertaking water first responder training to increase the safety and awareness of officers who regularly work in or around water. The training delivered to JPS is a more cost-effective solution than external suppliers.

6. Support Services update:

6.1. **EEAST vehicle servicing:** BFRS has been servicing EEAST vehicles since January 2020, starting with 4 a month as a pilot. This led to an increase of vehicles from October 2020 to 4 a week. The collaborative work has released income generation cost recovery for BFRS and supported EEAST with available assets to support operational demand.

6.2. **EEAST Theory test:** The covid-19 pandemic has impacted the number of theory test that can be completed by EEAST. BFRS has the capacity to support EEAST with theory test to reduce their demand and allow further driver support to be progressed to deal with operational demand.

7. Recommendations

7.1. The Authority comments on the content of the report and the continued efforts to pursue collaboration with our blue light partners.

ANDREW HOPKINSON
DEPUTY CHIEF FIRE OFFICER

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For Publication

Bedfordshire Fire and Rescue Authority
23 March 2021

REPORT AUTHOR: **DEPUTY CHIEF FIRE OFFICER**

SUBJECT: **TRI-SERVICE ESTATE STRATEGY – PROPOSED CORE PRINCIPLES**

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Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known		OTHER (please specify)	
	New			

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To provide Members with an update on progress to establish a Tri-Service Estates Strategy between Bedfordshire Fire and Rescue Service (BFRS), Bedfordshire Police (BP) and East of England Ambulance Service Trust (EEAST).

RECOMMENDATIONS:

That Members:

1. **Note** the progress of this important collaboration initiative, and;
2. **Comment** and **agree** to incorporate the proposed five core principles into the draft Tri-Service Estate Strategy for Bedfordshire;
3. **Agree** to receive a further report presenting the final draft Tri-Service Estates Strategy once released by the Blue Light Collaboration Strategic Board.

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1. Background

1.1 The Estate is one of the key enablers for any organisation, especially our vital emergency services.

1.2 At a macro level, the ‘blue light’ estate portfolio within Bedfordshire has seen varying levels of under investment, meaning that existing buildings require additional investment and maintenance and many are considered not for fit for purpose to enable the emergency services to operate in the most effective way, particularly in a post-Covid world.

1.3 Whilst BFRS, BP and EEAST have a successful track record of co-locating at several sites in recent years, these initiatives could arguably have benefited from a more strategic approach that considered the longer term needs of all 3 blue light partners.

1.4 Members will recall the efforts to progress a joint headquarters project with Bedfordshire Police but despite considerable labours by both parties, this project has effectively stalled, arguably because of a lack of alignment of operational priorities.

1.5 In an effort to reinvigorate this important collaboration workstream, in December 2019 the DCFO was able to secure an agreement in principle between BFRS, BP and EEAST to establish a tri-services estates strategy for Bedfordshire that seeks to adopt a long term approach to invest in existing sites where they require it, or provide new accommodation which will deliver better opportunities to enable collaboration, improve service delivery and/or realise efficiencies.

2 Tri-Service Estates Strategy – progress update

2.1 Although delayed by the impact of the Covid pandemic, research to establish the current blue-light estate portfolio within Bedfordshire and future requirements and priorities has progressed considerably and the BLCSB have now reached agreement on a set of core principles that will govern the approach to estates collaboration within Bedfordshire.

2.2 This Strategy will enable a focus to be placed on sharing buildings between police, fire and ambulance wherever mutually beneficial with a set of core principles to guide how we develop and maintain our estate into the long term of 2040 and beyond. An annual review will take place to ensure it remains fit for purpose and make any necessary adjustments to principles and the implementation plan as required. Each organisation will retain the right to determine how it wishes to invest and develop its estate portfolio.

2.3 The outcomes from the BFRS Emergency Cover Review will provide a clear evidence base to enable the FRA to make informed decisions when considering investment in our estate portfolio to ensure our resources are in the right location to maximise effectiveness and efficiency of service delivery in pursuit of our mission to provide outstanding fire and rescue services that help make Bedfordshire safer.

3 5 Core Principles

3.1 The vision for the blue light estate within Bedfordshire has to be to provide modern, flexible, fit for purpose and value for money accommodation for our vital emergency services, providing an improved working environment for staff that promotes and supports their health and wellbeing, is readily accessible and reassuring to our diverse communities and adaptable to both current and future demands placed on each organisation.

3.2 The proposed 5 core principles which will guide future decision making are set out below:

i. We aim to have buildings located in the right place to support an efficient and effective service whilst providing a highly visible presence to enhance public confidence and operational viability for all partner agencies to co-locate whenever possible

ii. We aim to have an estate which is the right size, with sufficient flexibility to efficiently and effectively work alongside partner agencies to reduce running costs.

iii. We aim to provide good quality buildings, with sufficient functionality and flexibility, to support the effective operation and delivery of the business, wellbeing of staff and to meet the diverse needs of our community.

iv. We aim to provide and maintain an environmentally sustainable estate in the right condition to support the effective operation and delivery of business and to minimise the potential for any disruption to that business.

v. We aim to deliver services and investments which are value for money, at the right time and right quality that promote energy and carbon emission reduction.

4 Shared Vehicle Workshops

4.1 The project to establish a joint headquarters with Bedfordshire Police identified five common functions of the respective police and fire headquarters broadly as follows:

i. 999 Control Room;
ii. Training Facilities
iii. Workshops & Stores
iv. Emergency Response Base
v. HQ Administrative Functions

4.2 To maintain momentum in our collaboration on estates, alongside the efforts to develop the tri-services estates strategy, the BLCSB has been exploring one of the five common functions, namely assessing the feasibility of establishing a shared vehicle workshop and stores facility between BP, BFRS and EEAST. This has progressed to the stage where a strategic outline case was presented to the BLCSB in early 2021 and the BLCSB gave approval for a small project team to develop the proposals into a more detailed outline business case which will be presented back to the BLCSB later in 2021, pending endorsement by the relevant governing bodies of each service. Members will be aware that Cllr McVicar is an active standing member of the BLCSB. For BFRS, the outline business case will be presented to the full FRA for comment and approval before progressing to project implementation.

4. Next Steps

4.1 Subject to all three governing bodies agreeing to the proposed 5 core principles, a final draft strategy will be presented to the BLCSB prior to release to the 3 governing bodies for final approval later in 2021.

5 Recommendation

5.1 That Members:

4. **Note** the progress of this important collaboration initiative, and;
5. **Comment** and **agree** to incorporate the proposed five core principles into the draft Tri-Service Estate Strategy for Bedfordshire;
6. **Agree** to receive a further report presenting the final draft Tri-Service Estates Strategy once released by the Blue Light Collaboration Strategic Board.

ANDREW HOPKINSON
DEPUTY CHIEF FIRE OFFICER

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For Publication

Bedfordshire Fire and Rescue Authority
23 March 2021

REPORT AUTHOR: **CHIEF FIRE OFFICER**

SUBJECT: **WORK PROGRAMME 2020/21**

For further information on this report contact: Nicky Upton
Democratic & Regulatory Services Supervisor

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New			

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PURPOSE:

To review and report on the work programme for 2020/21 and to provide Members with an opportunity to request additional reports for the Fire Authority meetings for the remainder of 2020/21.

RECOMMENDATION:

That Members consider the work programme for 2020/21 and note the ‘cyclical’ Agenda Items for each meeting in 2020/21.

PAUL FULLER CBE QFSM MStJ DL
CHIEF FIRE OFFICER

FIRE AND RESCUE AUTHORITY - PROGRAMME OF WORK 2020/21

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	**Notes**	**Item**	**Notes**
23 March 2021	Communications		Emergency Cover Review Update	Added by DCFO at 11.02.21 meeting
	Executive Committee Minutes from 17.03.21 (provisional mtg)		Tri-Service Estate Strategy	Added by DCFO via HGAM
	ASC Minutes from 04.03.21		Safeguarding Arrangements Presentation	ACFO requested by email
	Proposed Indicators and Targets for 2021/22			
	Q3 Performance			
	Treasury Management Strategy and Practices			
	Blue Light Collaboration Strategic Board			
	Work Programme			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	**Notes**	**Item**	**Notes**
29 April 2021	Communications		Covid 19: Mass Vaccination Presentation	ACFO requested by email
	Executive Committee Minutes from 15.04.21 (provisional mtg)		Service Delivery Performance – National Benchmarking Comparison	Added by Chair at 11.02.21 meeting
	Annual Update of Programmes and Projects			
	Asset Management Strategy (reviewed every 3 years, next review 2021/22)			
	Disposal of Assets under the Scheme of Delegated Authority			
	Blue Light Collaboration Strategic Board			
	Information Bulletin (Q4 Jan – March)			
	Work Programme			