BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Members of Fire and Rescue Authority.

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

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

Luton Borough Councillors: J Burnett, K Choudhry, D Franks and Y Waheed

A meeting of **Fire and Rescue Authority** will be held at **Lecture Theatre, Dunstable Community Fire Station, Brewers Hill Road, Dunstable LU6 1AA / MS Teams** Click here to join the meeting on **Thursday, 24 March 2022** starting at **10.00 am.**

John Atkinson
Monitoring Officer

A G E N D A

Item	Subject	Lead	Purpose of Discussion
1.	Apologies	Monitoring Officer	
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	

Item	Subject	Lead	Purpose of Discussion
4.	Minutes	Chair	To confirm the Minutes of the meeting held on 10 February 2022 (Pages 5 - 16)
5.	Public Participation	Chair	To receive any questions put to the Authority under the Public Participation Scheme
6.	Executive Committee meeting 18 March 2022	Chair	To receive the minutes of the Executive Committee meeting held on 18 March 2022
7.	Audit & Standards Committee meeting 3 March 2022	Cllr Atkins	To receive the minutes of the Audit & Standards Committee meeting held on 3 March 2022 (Pages 17 - 26)
8.	Treasury Management Strategy and Practices	CFO/Treasurer	To consider a report (Pages 27 - 130)
9.	Q3 2021/22 Performance Report Update (Sept - Dec)	DCFO	To consider a report (Pages 131 - 152)
10.	Portfolio Leads Updates: Prevention & Protection and Operational Response and Resilience	DCFO	To consider a report (Pages 153 - 162)
11.	Community Risk Management Plan Pre-Publication Report	CFO/HSSA	To consider a report (Pages 163 - 172)
12.	Proposed Indicators and Targets for 2022/23	DCFO	To consider a report (Pages 173 - 206)
13.	Levelling up the UK and Reforming the Fire Service White Papers - Briefing	CFO	To consider a report (Pages 207 - 216)
14.	Collaboration Update	DCFO	To consider a report (Pages 217 - 220)
15.	Work Programme	CFO	To consider a report (Pages 221 - 236)

Item	Subject	Lead	Purpose of Discussion

Local Government Act 1972: Schedule 12A (as amended) - Exclusion on the Public **Chair**

To consider whether to pass a resolution under Section 100(A) of the Local Government Act 1972 to exclude the public from the remainder of the meeting on the grounds that consideration of the following items of business is likely to involve the disclosure of exempt information as defined in Paragraphs 3 of Part 1 of Schedule 12A to the Act as amended.

Item	Subject	Lead	Purpose of Discussion
16.	Business Continuity Annual Review	ACFO	To consider a report (Pages 237 - 242)

Next Meeting	10.00 am on 28 April 2022 at Lecture Theatre, Dunstable Community Fire Station, Brewers Hill Road, Dunstable LU6 1AA

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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BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

held on 10 February 2022 at 10.00am

PRESENT

Councillors J Chatterley (Chair), R Berry, J Burnett, M Headley and D McVicar

Deputy Chief Fire Officer C Bigland, Assistant Chief Fire Officer A Kibblewhite, Assistant Chief Officer Chambers, Mr J Atkinson and Mr S Frank were also present

Chief Fire Officer A Hopkinson, Councillors C Atkins, P Duckett, D Franks, J Gambold, I Shingler and Y Waheed observed the meeting via Teams

21-22/fa/086 APOLOGIES

An apology for absence was received from Councillor K Choudhury. Councillor Y Waheed submitted apologies for lateness.

21-22/fa/087 DECLARATIONS OF DISCLOSABLE PECUNIARY AND OTHER INTERESTS

There were no declarations of disclosable pecuniary and other interests.

21-22/fa/088 COMMUNICATIONS

The Chair advised that, as was his usual practice, he had circulated all items of communication to Members of the Authority for information. He highlighted the most recent items of communications as follows:

Internal Communications

Members had received the monthly update from the Communications Team for January 2022, information on the prevention work impacting numbers and the Red Bulletin. These provided Members with a greater insight of the inner workings of the Service.

'Responding to New Risks' Section 31 Grant Determination for FY 2021/22

A communication from the Home Office had been received confirming the award of £54,654 to support the national Specialist Marauding Terrorist Attack (MTA) capability. The grant amount was similar to that awarded the previous year.

White Paper on Fire Service Reform

The National Fire Chiefs Council had circulated a letter regarding the White Paper on Fire Services Reform that was due imminently.

The Chief Fire Officer advised that the White Paper was expected to be published shortly and had been referred to in the recent Levelling Up White Paper. Upon its publication, a report would be prepared for submission to the Authority. It was anticipated that the White Paper would be subject to a 10 week consultation and it was important that a considered response be prepared on behalf of the Authority and the Service.

21-22/fa/089 MINUTES

RESOLVED:
That the Minutes of the meeting held on 11 January 2022 be confirmed as a true record.

21-22/fa/090 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).

21-22/fa/091 EXECUTIVE COMMITTEE MEETING 20 JANUARY 2022

The Chair submitted the Minutes of the informal meeting of the Executive held on 20 January 2022.

RESOLVED:
That the Minutes of the informal meeting of the Executive held on 20 January 2022 be accepted.

21-22/fa/092 COMMUNITY RISK MANAGEMENT PLAN (CRMP) 2022-2023 ACTION PLAN AND BUDGET CONSULTATION UPDATE

The Head of Strategic Support and Assurance, Mr S Frank, introduced his report providing an update on the results of the consultation on the 2022-23 Budget and the 2022/23 Annual Action Plan of the current Community Risk Management Plan (CRMP). 746 surveys had been completed as part of the consultation, with 22 personal interviews being undertaken with organisations that had not been systematically engaged with previously including representatives of gypsies and travellers, faith groups, parish and town councils, and young people. The consultation included a survey sent to over 15,000 individuals registered on the BedsFireAlert Community messaging system, via the Authority’s website and publicised through the local press and several social media campaigns on the Service’s Facebook, Instagram and Twitter channels. Letters were sent to a number of key partners and local organisations and community groups who were asked to promote the consultation.

86% of respondents had supported the proposed 1.99% Council Tax increase, with 78% in support of a larger £5 increase. Suggestions for savings, efficiencies and collaborative opportunities had been submitted and these were being analysed. 92% of respondents supported fleet innovation and testing different ideas.

71% of respondents had completed the equality and diversity section and this illustrated that the consultation had reached a broad range of groups across the County. Compared to the previous year's consultation, there had been proportionately more responses from younger people, people with disabilities, people from diverse backgrounds and women.

A further report would be presented to the next meeting of the Authority. As a result of the responses received, there would be a greater focus on community engagement, environmental management and demonstrating ethical governance credentials. These would also shape the next CRMP. The results of the consultation, and changes implemented as a result, would be published on the Service website.

RESOLVED:
That the contents of the report be acknowledged.

21-22/fa/093 2022/23 REVENUE BUDGET AND CAPITAL PROGRAMME

The Assistant Chief Officer and Treasurer presented his report on the proposed Revenue Budget and Capital Programme for 2022/23.

In introducing the report, the Assistant Chief Officer and Treasurer highlighted the following:

- Due to changes in the locally collected business rates and Section 31 grant, there was an update to the budget from that set out in the original report. The updated figures had been circulated to Members via email the previous day. The updated revenue budget requirement was £33.393 million There was no change to the proposed Council Tax increase, which was being set at 1.99% or £23.401 million, equating to a charge of £104.45 per Band D property.
- Members were being asked to approve a Medium Term Revenue Plan based on either a 3% (Appendix 1) or 4% (Appendix 1a) pay increase. This was in the context of rising inflation which was expected to peak in April at 7.25%.
- There had been no changes to the other appendices as set out in the report and previously discussed at Member Budget Workshops and the meeting of the Authority held on 11 January 2022, although it was noted that the Medium Term Financial Strategy set out at Appendix 5 would need to be updated in accordance with the changes reported.

- The final figures for business rate collection had been received. Both Luton Borough Council and Central Bedfordshire Council had collected less than forecast, and as such, the total had reduced from £2.5 million as set out in the report to approximately £2.3 million.

Members commented on the likely impact of the Fair Funding Review and the Levelling Up the UK White Paper, which could result in less Government funding being allocated to the constituent authorities and the knock-on effect of a reduction in business rate income to those authorities and to the Authority itself.

The Assistant Chief Officer advised that he would soon be attending a meeting with other Authority Treasurers where he would raise this issue, as some Authorities may have more of an indication of the direction the Government may take.

In response to questions, the Assistant Chief Officer reported that:

- The saving resulting from a change to the Corporate Management Team was the result of a Green Book post replacing an operational post.
- The minimum revenue provision did not include any additional borrowing requirements. If additional borrowing was to be considered, it should be done so sooner rather than later, before the interest rates and Bank of England base rates increased. As the Authority was unable to borrow in advance of need, it may be more prudent to fund any additional requirements from reserves, such as the £2 million collaboration reserve.

In discussing the two proposals for the budgeting for the pay increase and noting the current and forecasted rates of inflation, Members supported budgeting for the larger increase of 4% as set out in Appendix 1a.

The recommendations relating to the revenue budget requirement of £33.393 million, with a corresponding precept of £23.401 million and a 1.99% Council Tax increase were put to the meeting and the votes recorded thereon were as follows:

For the Recommendations (5)   Councillors R Berry, J Burnett, J Chatterley, M Headley and D McVicar

Therefore, these recommendations were carried unanimously.

The remaining recommendations were also put to the vote and carried.

RESOLVED:

1. That it be determined for 2022/23 that:

    a. A Revenue Budget requirement is set at £33.393m, met as indicated in paragraph 3.8 of the report.
    b. In meeting this budget requirement, the Authority's Precept be set at £23.401m and that consequently, a council tax increase of 1.99% up to £104.45 per Band D equivalent property, calculated as shown in Paragraph 3.8 of the report.
    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 updated Medium-Term Revenue Plan recirculated as Appendix 1a to this report be approved, and the 2022/23 savings and efficiencies detailed at Appendix 2 also be approved.
3. That the 2021/22 year-end underspend is allocated to the Pay/Pensions Reserve.
4. That the Medium-Term Capital Programme attached at Appendix 3 to this report be approved.
5. That the Medium-Term Financial Strategy attached at Appendix 4 to this report and the Reserves Strategy at Appendix 5 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 this report, be noted.
7. That any budget amendments, following receipt of the final settlement figures, be delegated to the Treasurer and Chief Fire Officer.

21-22/fa/094 HMICFRS INSPECTION UPDATE

The Head of Strategic Support and Assurance presented his report which provided an update and comparative analysis of the Service's 2020-21 inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue (HMICFRS) and the next stages of improvement planning.

The Service had ranked fourth out of the thirteen Fire and Rescue Services inspected in the first tranche. Across these thirteen Services, nine noteworthy practices had been identified, all of which the Service was either in the process of implementing or considering. The main difference between Merseyside, which had been awarded an 'Outstanding' rating, and the rest of the Fire and Rescue Services, was its robust evaluation. The station planning process, ensuring that the golden thread from the Community Risk Management Plan (CRMP) ran through all activities at station level.

The progress of the areas for improvement had been integrated into the 2022-23 Community Risk Management Plan Action Plan within the new Business Management Information System. A gap analysis had been undertaken and would be presented to Members at a future meeting of the Authority.

The Head of Strategic Support and Assurance added that there were further improvements needed if the Service was to improve upon its previous judgement of 'Good'. The next inspection was expected at the beginning of 2023.

In relation to partnership working, as demonstrated by Merseyside through its work with Liverpool John Moores University, Members were reminded that this Service worked in partnership with Nottingham Trent University to evaluate the effectiveness and added value of its collaborative working with the East of England Ambulance Trust.

The Chief Fire Officer added that, as part of his role as Member of Steering Group of the National Fire Chiefs Council, he was actively supporting efforts to establish a national Academic Coordination, Evaluation and Research Committee to co-ordinate and share relevant research and improve organisational learning.

The Chief Fire Officer emphasised the challenge to improve performance would be impacted by the Service's ability to recruit and retain qualified staff. Many fire & rescue services were forecasting a higher than expected level of attrition of operational staff at all levels in the coming months at a time when the UK labour market is facing considerable challenges. Private sector employers were also able to offer more lucrative pay packages and pension and pay changes were resulting in staff leaving the Service earlier than expected. It was as important as ever for the Service to market itself as an employer of choice if we are to attract the best talent.

RESOLVED:
That the contents of the report be acknowledged.

21-22/fa/095 LOCALISM ACT 2011 – PAY POLICY STATEMENT 2022

The Assistant Chief Fire Officer submitted a report on the proposed Pay Policy Statement for 2022. The Fire Authority was reminded of the requirement to agree and publish an annual pay policy statement and its constituent parts for the financial year 2022/23. The Pay Policy Statement was based on data from 1 April 2020 to 31 March 2021.

As previously requested by Members, the Service had sought to obtain comparative pay multiple information from across the region and the three constituent authorities. This has been collated using information published for 2020/21 on each authority's website but had required additional research as not all authorities presented their pay data in the same way. The Service's pay multiple was slightly above the average of the region's Fire and Rescue Authorities but was lower than the public sector averages of its constituent authorities.

RESOLVED:
That the submitted proposed pay policy statement for 2022/23 be approved.

21-22/fa/096 MEMBERS ALLOWANCES SCHEME

The Monitoring Officer, Mr J Atkinson, introduced the proposals for the Members Allowances Scheme for 2022/23. No changes were being proposed to the basic allowance or the Special Responsibility Allowances. The current daily rate of £171.92 was based upon the Local Government Pay Award for 2020/21 and would be updated as soon as the pay award for 2022 was agreed.

RESOLVED:
That the Members' Allowances Scheme be updated from 1 June 2022 in accordance with the proposals set out in this report and that the Scheme be adopted for the financial year 2022/23.

21-22/fa/097 GRENFELL TOWER ACTION PLAN UPDATE

The Assistant Chief Fire Officer presented an update on the Service’s progress against the Grenfell recommendations action plan and the subsequent next stages for moving forward to assist with completion.

All 46 recommendations from the Phase 1 report had been incorporated into an Action Plan, including the fourteen that were directed solely towards the London Fire Brigade to ensure that there were no potential gaps. The action plan had been fully audited, RAG rated and the progress of each area identified with a timeline of progress and completion had been recorded. The action plan was managed internally by the Head of Training and Asset Management. Progress against the plan was monitored via the Operational Assurance Team, the Assurance Working Group and the Service Delivery Leadership Team.

18 actions had been completed with an additional one requiring no further action, leaving a total of 23 actions in progress and 3 actions that were on track to be completed within the set time frame.

The Department of Levelling Up, Housing and Communities (DLUHC) (formerly MHCLG) had provided each Fire and Rescue Service with a list of premises in their areas that were thought to be over 18 metres in height or consisting of 7 or more floors. This list identified 72 potential premises within Bedfordshire that required an inspection. Further premises in addition to those on the list were identified by the Protection Team as requiring a review during the inspection process. All inspections had been completed in June 2021 in advance of the deadline of December 2021. This list had now been reduced to 65 premises following clarification as some were multiple buildings with common staircases on the same site.

In response to Members queries about the actions relating to protection and whether the completion of all of these was reliant on legislation being passed, and what the definition of multiple buildings with common staircases on the same site was, it was suggested that a more detailed report on the inspection of high rise premises and the ongoing actions in progress be prepared for consideration at the next meeting of the Authority.

The Chair commented that it would be useful if Members could be made aware of any local authority owned high rise premises within their areas.

RESOLVED:

1. That the contents of the report and update be acknowledged.
2. That a further report on high-rise premises be submitted to the next meeting of the Authority.

21-22/fa/098 INFORMATION BULLETIN

Members received the information bulletin for Quarter 3 (October to December 2021), with the Chief Fire Officer commenting on the new format of the document. This was still a work in progress and it was hoped that, when provided to the constituent authorities with the narrative reports of the Authority meetings, it would provide Members who did not serve on the Authority with a better understanding of the Service.

In response to a comment by the Chair, the Chief Fire Officer agreed that, due to the timing of meetings, it was not always possible to provide the information in a timely manner.

Councillor Headley commented that some of the content could lead to the identification of specific individual and/or properties and therefore should not be published in the public domain.

Councillor Burnett expressed the view that the information bulletin was not reflective of the diversity within the Service and throughout the County it served and suggested that improvements should be made in this respect.

The Chief Fire Officer thanked Members for their comments on the reformatted information bulletin.

RESOLVED:
That the information bulletin be received.

21-22/fa/099 WORK PROGRAMME

Members received the updated Work Programme, noting the additions of reports on the anticipated White Paper on Fire Service Reform and high rise buildings that had been made earlier in the meeting. The Chief Fire Officer asked Members to advise of any additional items or topic areas they wished to be presented to future meetings.

It was agreed that an updated Medium Term Financial Strategy be presented to the next meeting of the Authority.

RESOLVED:

1. That the work programme be received.
2. That the following items be added to the work programme: White Paper on Fire Service Reform, Grenfell Tower Action Plan – detail on high-rise buildings in Bedfordshire, and the Medium Term Financial Strategy.

The meeting closed at 11.33 am.

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For Publication

Bedfordshire Fire and Rescue Authority
24 March 2022

REPORT AUTHOR:	**COUNCILLOR C ATKINS**
SUBJECT:	**AUDIT AND STANDARDS COMMITTEE**

For further information on this Report contact:	Nicky Upton Service Assurance Manager

PURPOSE:

To report on the informal meeting of the Audit and Standards Committee held on 3 March 2022.

RECOMMENDATIONS:

That the submitted minutes of the meeting held on 3 March 2022 be received and the decisions made by the Committee, informally, be ratified.

1. Introduction

1.1 The draft minutes of the informal meeting of the Audit and Standards Committee held on 2 December 2021 are appended for Members' consideration.

1.2 The Audit and Standards Committee requests the decisions and recommendations it made be ratified by the Fire Authority.

COUNCILLOR C ATKINS
CHAIR OF AUDIT AND STANDARDS COMMITTEE

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MINUTES OF AUDIT AND STANDARDS COMMITTEE INFORMAL MEETING HELD ON 3 MARCH 2022

Present: Councillors C Atkins (Chair), R Berry, J Burnett, P Duckett, D Franks and J Gambold

Councillor J Chatterley was present as an observer

Mr J Atkinson, ACO G Chambers, Mr S Frank and Mr J Harrison

Mr N Harris and Ms J Kriek, EY

Mrs S Rowlett, RSM

Please note: any decisions made by the Committee at this meeting need to be ratified by the Fire and Rescue Authority to take effect as the meeting was held informally.

<u>21-22/ASC/41 Apologies</u>

41.1 An apology for absence was received from Councillor I Shingler.

<u>21-22/ASC/42 Declarations of Disclosable Pecuniary and Other Interests</u>

42.1 There were no declarations of interest.

<u>21-22/ASC/43 Communications</u>

43.1 The Committee received two communications from RSM: the Emergency Services News Briefing November 2021 and a report setting out RSM’s Conformance with the IIA Standards and Codes of Practice.

43.2 The Assistant Chief Officer and Treasurer referred to the questions to the Committee set out in the Emergency Services News Briefing relating to the new Protection Fire Standard. He provided reassurance to the Committee that the Service was working to implement the requirements of the new standard as this had formed part of the HMICFRS inspection. He also confirmed that the Service had responded to consultation on the Fire Standard for Investigation.

43.3 Mrs S Rowlett reported that RSM was subject to an external quality assessment every five years and that RSM had been awarded the highest rating of ‘generally conforms’.

43.4 The Head of Strategic Support and Assurance advised that all consultations from the NFCC were responded to by the Service. As the Specific Point of Contact for the Service he was responsible for coordinating this process.

RESOLVED:
That the communications from RSM be received.

21-22/ASC/44 Minutes

RESOLVED:
That the Minutes of the meeting held on 2 December 2021 be confirmed as a true record.

21-22/ASC/45 Public Participation

45.1 There were no members of the public present.

21-22/ASC/46 Audit Results Report and Fees (Results of 2020/21 audit including any matters outstanding

46.1 The Committee received the Audit Results Report and Fees received from Ernst & Young (EY), the Fire and Rescue Authority’s external auditor.

46.2 Mr N Harris, from EY, provided an update on the position in relation to the audit of the Statement of Accounts for 2020/21, which was nearing completion. He hoped that the audit would be concluded by the end of the month, as there was only as small number of areas where work was outstanding and the external auditors were liaising with the Assistant Chief Officer and the Chief Accountant in respect of these. There were no material matters to bring to the Committee’s attention.

46.3 Mr Harris advised the Committee that, similar to 2019/20, EY would be seeking at a scale fee rebasing, this year of approximately £17,468, as a result of additional work that needed to be undertaken. It was noted that the fee increase in 2019/20 had been referred to Public Sector Audit Appointments Ltd (PSAA) to make a determination, with a reduced increase being approved by that body. Mr Harris added that PSAA had already prescribed a range of minimum fee levels.

46.4 In response to a question, Mr Harris expressed the view that it was not envisaged that the conclusion of the audit would identify any matters which would result in a qualified audit opinion. The issue related to valuations had been resolved for the 2020/21 accounts.

46.5 Following discussion of the position of the Committee on an increase in scale fee, it was agreed that a similar position be maintained and any increase be referred to PSAA to enable the Service to obtain the best value for money possible.

RESOLVED:

1. That the submitted Audit Results Report and Fees for the year ended 31 March 2021 be received.
2. That the Fire and Rescue Authority be recommended to refer the fee increase proposed by EY to PSAA for determination.

<u>21-22/ASC/47 2020/21 Statement of Accounts and Annual Governance Statement post audit</u>

47.1 The Assistant Chief Officer and Treasurer submitted the 2020/2021 Statement of Accounts and the Annual Governance Statement to the Committee for its consideration. The Statement of Accounts was virtually unchanged from the version that had been submitted to the Committee's meeting in July 2021.

47.2 The Chief Accountant confirmed that he was working with EY to resolve queries relating to the outstanding areas. There had been no material changes to the accounts. The year-end underspend of £878,000 had been allocated to the Transformational Earmarked Reserve.

47.3 The General Reserve balance as at 31 March 2021 was £2.4 million, with specific earmarked reserves totalling £5.105 million. The cash flow forecast for the next 18 months would be provided to EY so that the going concern evaluation could be completed.

47.4 In response to a question, the Assistant Chief Officer reported that a provision for pay award and pension costs had been set aside for the 2021/22 accounts.

47.5 As it was recognised that the Committee could not make a formal decision as it was being held remotely, the Assistant Chief Officer confirmed that there was no issue with postponing the approval of the Statement of Accounts and Annual Governance Statement to the meeting of the Authority which was taking place on 24 March 2022.

47.6 Mr Harris advised that, in any event, the letter of representation could not be signed until the audit had been concluded.

RESOLVED:

1. That the current version of the 2020/21 Statement of Accounts and Annual Governance Statement, that are in the final stages of being externally audited, be recommended to the Authority for approval.
2. That any final amendments be delegated to the Treasurer, in conjunction with the Chair of the Audit and Standards Committee where material.

3. That the draft letter of representation be recommended to the Authority for approval, prior to the Treasurer and Chair approving and signing the final version following the completion of the audit.

21-22/ASC/48 Internal Audit Progress Report

48.1 Mrs S Rowlett of RSM introduced the report on progress made against the internal audit plan for 2021/22. The Data Quality to support the Community Risk Management Plan (CRMP) audit had been completed and had been awarded partial assurance, with 1 high, 3 medium and 2 low management actions identified. It had been found that the Authority had not transparently considered key risks identified in national and local risk registers within the CRMP and that actual KPI performance reported to the Fire Authority did not trace accurately back to source data through sample testing.

48.2 Two other audits, on the Key Financial Controls and Management of Assets, were ongoing. The Risk Management Audit had commenced earlier in the week.

48.3 Following a query received at the previous meeting, Mrs Rowlett explained how RSM arrived at the audit opinion. This was a combination of the number and level of management actions identified and professional judgement.

48.4 The audit report on Debrief and Organisational Learning had been drafted and was currently with the Service's Corporate Management Team for comment.

RESOLVED:
That the report be received.

21-22/ASC/49 Internal Audit Plan 2022/23

49.1 Mrs S Rowlett of RSM introduced the three year Internal Audit Strategy for 2022/23 to 2024/25.

49.2 Following consultation with the Service's corporate management team, two audit areas had been identified for 2022/23: ICT – Digitalised Systems User Proficiency and Data Quality – Information Management and Governance Arrangements including GDPR. This is in addition to the core governance and financial areas of annul audit.

49.3 Members referred to comments made by staff at stations regarding difficulties with accessing hardware and software and supported the audit of the ICT user proficiency.

RESOLVED:
That the submitted report be received and the audit plan for 2022/23 be approved.

21-22/ASC/50 Internal Audit Actions Update

50.1 The Head of Strategic Support and Assurance submitted a summary of actions arising from internal audit reports over the last three financial years to date and from the current Annual Governance Statement and progress to date on current action plans, highlighting progress being made in the areas of business continuity and cyber security.

50.2 There were no extension requests to be considered at the meeting.

50.3 In response to a question, the Assistant Chief Officer confirmed that the actions arising from the audit of stock control and procurement, which had been the subject of previous extension requests, had now been completed.

RESOLVED:
That progress made to date against action plans be acknowledged.

21-22/ASC/51 Review of Work Programme 2021/22 and forward plan for 2022/23

51.1 The Committee was asked to review the work programme for 2021/22 and to request additional reports for the Audit and Standards Committee meetings for 2022/23.

51.2 Mrs S Rowlett of RSM advised that, as the Internal Audit Strategy had been presented to this meeting, it could be removed from the Work Programme for the Committee's next meeting.

51.3 In response to a question, Mr N Harris was unable to provide a date by which the external audit of the Statement of Accounts from 2021/22 would commence. He would be attending a meeting the following week at which resources would be allocated to concluding the remainder of the 2020/21 audits and he would have a better understanding of the timescales involved after that time. The proposed timescale would then be discussed with the Assistant Chief Officer and Chief Accountant.

51.4 The Committee considered the comments of Mr Harris relating to the recommendations arising from the Redmond Review, which included the creation of a new system leader to oversee, procure, manage and regulate the external audits of local authorities in England.

RESOLVED:
That the work programme for 2022/23, with the removal of the Internal Audit Strategy, and the 'cyclical' Agenda Items for each meeting in 2022/23, be noted.

21-22/ASC/52 Corporate Risk Register - Exception Report

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

Corporate Risk Register

The meeting ended 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
24th March 2022

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

SUBJECT: **TREASURY MANAGEMENT STRATEGY AND PRACTICES**

For further information on this Report contact: G Chambers
FRA Treasurer
Tel No: 01234 845000

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

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 2022/23.

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1. <u>Outcome</u>

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. <u>Reason for Report</u>

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. <u>Updated Documentation</u>

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 43 and 44 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 4.4.

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 2022/23.

4. <u>Treasury Management and Support</u>

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 4th July 2017. A further training session can be arranged in 2022/23 should Members request this. This is recommended by the Treasurer as good practice. It was planned in 2021/22 but due to meeting availability this did not take place.

5. <u>Equality and Diversity Implications</u>

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 £6.75m, £16.7m if including short term notice accounts (95 to 180 day notice)
- budgeted interest of £65k in 2022/23 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.

ANDREW HOPKINSON
CHIEF FIRE OFFICER

GAVIN CHAMBERS
FRA TREASURER

Weekly Credit List: 04/02/2022

Institution Benchmark: iTraxx Senior Financials Index 70.00 (65.87)

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
Al Rayan Bank Plc					A1	P-1	-			R - 6 mths
Bank of Scotland PLC (RFB)	A+	F1	a	WD	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	A1	P-1	-	A+	A-1	O - 12 mths
Lloyds Bank Corporate Markets Plc (NRFB)	A+	F1		WD	A1	P-1	-	A	A-1	R - 6 mths
Lloyds Bank Plc (RFB)	A+	F1	a	WD	A1	P-1	-	A+	A-1	R - 6 mths
National Bank Of Kuwait (International) PLC	AA-	F1+		1			-	A	A-1	O - 12 mths
NatWest Markets Plc (NRFB)	A+	F1	WD	WD	A2	P-1	-	A-	A-2	R - 6 mths
Santander Financial Services plc (NRFB)	A+	F1		WD	A1	P-1	-	A-	A-2	R - 6 mths
Santander UK PLC	A+	F1	a	WD	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-	WD	A2	P-1	-			R - 6 mths
Leeds Building Society	A-	F1	a-	WD	A3	P-2	-			G - 100 days
Nationwide Building Society	A	F1	a	WD	A1	P-1	-	A+	A-1	R - 6 mths
Skipton Building Society	A-	F1	a-	WD	A2	P-1	-			R - 6 mths
West Bromwich Building Society					Ba3	NP	-			N/C - 0 mths
Yorkshire Building Society	A-	F1	a-	WD	A3	P-2	-			G - 100 days
National Westminster Bank PLC (RFB)	A+	F1	a	WD	A1	P-1	-	A	A-1	B - 12 mths
The Royal Bank of Scotland Plc (RFB)	A+	F1	a	WD	A1	P-1	-	A	A-1	B - 12 mths

Weekly Credit List: 04/02/2022

Institution Benchmark: iTraxx Senior Financials Index 70.00 (65.87)

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	A1	P-1	-	A+	A-1	R - 6 mths
Canada	**AA+**				Aaa			AAA		Not Applicable
Bank of Montreal	AA-	F1+	aa-	WD	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	Aa1	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
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	O - 12 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	Aa2	P-1	-	A+	A-1	O - 12 mths
Landesbank Baden-Wuerttemberg	A-	F1	bbb	1	Aa3	P-1	-	NR	NR	R - 6 mths
Landesbank Berlin AG					Aa2	P-1	-			O - 12 mths
Landesbank Hessen-Thueringen Girozentrale	A+	F1+		WD	Aa3	P-1	-	A-	A-2	R - 6 mths
Landwirtschaftliche Rentenbank	AAA	F1+		1	Aaa	P-1	-	AAA	A-1+	P - 24 mths
Norddeutsche Landesbank Girozentrale	A-	F1	bb	WD	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	WD	A1	P-1	-	A	A-1	R - 6 mths
Bank Nederlandse Gemeenten N.V.	AAA	F1+		WD	Aaa	P-1	-	AAA	A-1+	P - 24 mths
Cooperatieve Rabobank U.A.	A+	F1	a+	WD	Aa2	P-1	-	A+	A-1	O - 12 mths
ING Bank N.V.	AA-	F1+	a+	WD	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-	WD	Aa1	P-1	-	AA-	A-1+	O - 12 mths
Sweden	**AAA**				Aaa			AAA		Not Applicable
Skandinaviska Enskilda Banken AB	AA-	F1+	aa-	5	Aa3	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	A1	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+	aa-	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

APPENDIX A

Bedfordshire Fire and Rescue Service

Fire and Rescue Service

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2022/23

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 2022/23

The strategy for 2022/23 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 Treasury Services, in 2022 at the FRA's request.

1.5 Treasury Management Consultants

The Authority uses Link Treasury 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 2022/23 – 2024/25

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	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Total	1,078	700	1,371	1,788	3,920

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	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital receipts	80	30	488	26	128
	0	0	0	0	0

Capital reserves	998	670	0	0	0
Revenue	0	0	883	1,762	3,792
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	2020/21 Actual @ 31/03/2020	2021/22 Estimate @ 01/04/2021	2022/23 Estimate @ 01/04/2022	2023/24 Estimate @ 01/04/2023	2024/25 Estimate @ 01/04/2024
Total CFR	**7,969**	**7,550**	**7,273**	**7,040**	**6,811**
Movement in CFR	**(419)**	**(277)**	**(233)**	**(229)**	**(225)**

Movement in CFR represented by;					
Net financing need for the year (above)	**0**	**0**	**0**	**0**	**0**
Less MRP/VRP and other financing movements	(419)	(277)	(233)	(229)	(225)

Movement in CFR	**(419)**	**(277)**	**(233)**	**(229)**	**(225)**

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	**2020/21 Actual**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 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	9,987	9,987	9,987	9,987	9,987
The Capital Financing Requirement	7,550	7,273	7,040	6,811	6,586
Under/(over) borrowing	(2,437)	(2,714)	(2,947)	(3,176)	(3,401)

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	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 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	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 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	2,000	2,200	2,200	2,200
Total	11,987	12,187	12,187	12,187

3.3 **Prospects for Interest Rates**

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

Link Group Interest Rate View as at 7.2.22							Capital Economics forecasts as at 10.2.22						
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Bank Rate													
Link	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Capital Economics	0.75	1.00	1.25	1.25	1.50	1.75	2.00	2.00	-	-	-	-	-
5yr PWLB Rate													
Link	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Capital Economics	2.20	2.30	2.40	2.50	2.60	2.80	2.90	3.00	-	-	-	-	-
10yr PWLB Rate													
Link	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Capital Economics	2.30	2.40	2.50	2.60	2.70	2.80	3.00	3.10	-	-	-	-	-
25yr PWLB Rate													
Link	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Capital Economics	2.50	2.60	2.70	2.80	2.90	3.10	3.20	3.30	-	-	-	-	-
50yr PWLB Rate													
Link	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Capital Economics	2.20	2.30	2.50	2.60	2.80	2.90	3.10	3.20	-	-	-	-	-
Capital Economics forecast for Bank of England QE stock													
£bn	895	870	845	805	770	740	705	635	585	-	-	-	-

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021.

As shown in the forecast table above, the forecast for Bank Rate now includes four increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

Significant risks to the forecasts

- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns. 25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.

- **The Monetary Policy Committee** acts 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.

- **The Monetary Policy Committee** tightens monetary policy too late to ward off building inflationary pressures.

- **The Government** acts too quickly to cut expenditure to balance the national budget.

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

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

- **Major stock markets** e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the “moral hazard” risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.

- **Geopolitical risks,** for example in Ukraine, Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is now to the downside, including risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. The forecast includes four increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons: -

- We do not know how severe an impact Omicron could have on the economy and whether there will be another lockdown or similar and, if there is, whether there would be significant fiscal support from the Government for businesses and jobs.

- There were already increasing grounds for viewing the economic recovery as running out of steam during the autumn and now into the winter. And then along came Omicron to pose a significant downside threat to economic activity. This could lead into stagflation, or even into recession, which would then pose a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.

- Will some current key supply shortages spill over into causing economic activity in some sectors to take a significant hit?

- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.

- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?

- It looks as if the economy coped well with the end of furlough on 30th September. It is estimated that there were around 1 million people who came off furlough then and there was not a huge spike up in unemployment. The other side of the coin is that vacancies have been hitting record levels so there is a continuing acute shortage of workers. This is a potential danger area if this shortage drives up wages which then feed through into producer prices and the prices of services i.e., a second-round effect that the MPC would have to act against if it looked like gaining significant momentum.

- We also recognise there could be further nasty surprises on the Covid front beyond the Omicron mutation.

- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is.

It should also be borne in mind that Bank Rate being cut to 0.25% and then to 0.10%, were emergency measures to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away such emergency cuts on no other grounds than they are no longer warranted, and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields
Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates above shows, there is forecast to be a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2025, though there will doubtless be a lot of unpredictable volatility during this forecast period.

While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on our gilt yields. **As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.**

US treasury yields. During the first part of 2021, US President Biden's, and the Democratic party's, determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the $900bn support package already passed in December 2020. This was then followed by additional Democratic ambition to spend $1trn on infrastructure, (which was eventually passed by both houses later in 2021), and an even larger sum on an American families plan over the next decade; this is still caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus was happening at a time when: -

1. A fast vaccination programme had enabled a rapid opening up of the economy during 2021.
2. The economy was growing strongly during the first half of 2021 although it has weakened overall during the second half.

3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.
4. And the Fed was still providing substantial stimulus through monthly QE purchases during 2021.

It was not much of a surprise that a combination of these factors would eventually cause an excess of demand in the economy which generated strong inflationary pressures. This has eventually been recognised by the Fed at its December meeting with an aggressive response to damp inflation down during 2022 and 2023.

At its 3rd November Fed meeting, the Fed decided to make a start on tapering its $120bn per month of QE purchases so that they ended next June. However, at its **15th December meeting** it doubled the pace of tapering so that they will end all purchases in February. These purchases are currently acting as downward pressure on treasury yields and so it would be expected that Treasury yields will rise over the taper period and after the taper ends, all other things being equal. The Fed also forecast that it expected there would be three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy.

There are also possible **DOWNSIDE RISKS** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to monitor.

There is likely to be **exceptional volatility and unpredictability in respect of gilt yields and PWLB rates** due to the following factors: -

- How strongly will changes in gilt yields be correlated to changes in US treasury yields (see below). Over 10 years since 2011 there has been an average 75% correlation between movements in US treasury yields and gilt yields. However, from time to time these two yields can diverge. Lack of spare economic capacity and rising inflationary pressures are viewed as being much greater dangers in the US than in the UK. This could mean that central bank rates will end up rising earlier and higher in the US than in the UK if inflationary pressures were to escalate; the consequent increases in treasury yields could well spill over to cause (lesser) increases in gilt yields. There is, therefore, an upside risk to forecasts for gilt yields due to this correlation. The Link Group forecasts have included a risk of a 75% correlation between the two yields.
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures actually turn out to be in both the US and the UK and so put upward pressure on treasury and gilt yields?
- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the “taper tantrums” in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

As the US financial markets are, by far, the biggest financial markets in the world, any upward trend in treasury yields will invariably impact and influence financial markets in other countries. Inflationary pressures and erosion of surplus economic capacity look much stronger in the US compared to those in the UK, which would suggest that Fed rate increases eventually needed to suppress inflation, are likely to be faster and stronger than Bank Rate increases in the UK. This is likely to put upward pressure on treasury yields which could then spill over into putting upward pressure on UK gilt yields.

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within the forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and Russia, China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

The balance of risks to medium to long term PWLB rates: -

- There is a balance of upside risks to forecasts for medium to long term PWLB rates.

10.1.22 UPDATE TO FORECASTS

The Fed minutes for their December 14-15 meeting were released last week. These showed there is a very likely going to be an acceleration in the pace of monetary tightening policies including a faster rate of increase in the Fed rate and running down the stock of QE purchases. This has led to a sharp jump up in treasury yields, and also in gilt yields in this country.

It is also now clearer that there could be a 50% increase in the price cap on fuel prices from 1st April 2022 in this country: this could boost inflation significantly and would then put added pressure on the Bank of England to raise Bank Rate faster as inflation would be unlikely to come down as fast as previously expected. What is still an unknown is whether the Government will damp down the calculation of inflation figures by providing some kind of subsidy for gas and electricity costs e.g., it could make loans to energy companies by spreading increased costs incurred this year over several future years as those loans are gradually repaid.

There has therefore been a sharp increase in the balance of upside risks to the forecasts for gilt yields, PWLB rates and Bank Rate.

A new era for local authority investing
– a fundamental shift in central bank monetary policy

One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on ‘achieving broad and inclusive “maximum” employment in its entirety’ in the US, before consideration would be given to increasing rates.

- The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.
- The Bank of England has also amended its target for monetary policy so that inflation should be ‘sustainably over 2%’ before starting on raising Bank Rate and the ECB now has a similar policy.

- ***For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.***
- Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.
- Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

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Investment and borrowing rates

- **Investment returns** are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.

- **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 and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps 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 current 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. <u>**Borrowing Strategy**</u>

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 2022/23 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 – management of risk

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team).

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

- DLUHC’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 DLUHC and CIPFA place a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:-

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.

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

4.2 Creditworthiness Policy

This Authority applies the creditworthiness service provided by Link Treasury 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 Treasury 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 Treasury 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 Treasury 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.

The current forecast shown in paragraph 3.3, includes a forecast for a first increase in Bank Rate in May 2022, though it could come in February..

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, (based on a first increase in Bank Rate in quarter 2 of 2022), are as follows.:

Average earnings in each year	Now	Previously
2022/23	0.50%	0.50%
2023/24	0.75%	0.75%
2024/25	1.00%	1.00%
2025/26	1.25%	1.25%
Long term later years	2.00%	2.00%

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 SONIA (Sterling Overnight Index Average) compounded 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 Treasury 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 2022/23

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 2022/23 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.

	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
% Ratios	2.44%	2.00%	1.76%	1.76%	1.69%

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 2022/23		
	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 Treasury Services

Interest rate forecast – February 2022

	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Bank Rate	0.75%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
5yr PWLB rate	2.20%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
10yr PWLB rate	2.30%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
25yr PWLB rate	2.40%	2.50%	2.50%	2.60%	2.60%	2.60%	2.60%
50yr PWLB rate	2.20%	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%

Capital Economics

Interest rate forecast – February 2022

	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Bank Rate	0.50%	0.75%	1.00%	1.25%	1.25%	1.25%	1.25%
5yr PWLB rate	2.10%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%
10yr PWLB rate	2.20%	2.30%	2.30%	2.30%	2.40%	2.40%	2.50%
25yr PWLB rate	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%
50yr PWLB rate	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%

5.3 ECONOMIC BACKGROUND

COVID-19 vaccines.

These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the bursting onto the scene of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This has dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that this mutation is very fast spreading with the potential for total case numbers to double every two to three days, although it possibly may not cause so much severe illness as previous mutations. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection, as a booster has been shown to restore a high percentage of immunity to Omicron to those who have had two vaccinations. There is now a race on between how quickly boosters can be given to limit the spread of Omicron, and how quickly will hospitals fill up and potentially be unable to cope. In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in sectors like restaurants, travel, tourism and hotels which had been hit hard during 2021, but could now be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home. Growth will also be lower due to people being ill and not working, similar to the pingdemic in July. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid. However, the biggest impact on growth would come from another lockdown if that happened. The big question still remains as to whether any further mutations of this virus could develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- In December, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.
- The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron.
- If there are lockdowns in January, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3rd February.
- With inflation expected to peak at around 6% in April, the MPC may want to be seen to be active in taking action to counter inflation on 5th May, the release date for its Quarterly Monetary Policy Report.
- The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.

- Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.
- However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next down-turn; all rates under 2% are providing stimulus to economic growth.
- We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.
- Covid remains a major potential downside threat in all three years as we ARE likely to get further mutations.
- How quickly can science come up with a mutation proof vaccine, or other treatment, – and for them to be widely administered around the world?
- Purchases of gilts under QE ended in December. Note that when Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

MPC MEETING 16H DECEMBER 2021

- The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.

- The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.

- **On 10th December we learnt of the disappointing 0.1% m/m rise in GDP** in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December.

- **On 14th December, the labour market statistics** for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this didn't last long as unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market strengthened again in November. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.

- These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December meeting. However, the advent of Omicron potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.

- **On 15th December we had the CPI inflation** figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

- **Other elements of inflation are also transitory** e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.

- Although it is possible that the Government could step in with some **fiscal support for the economy**, the huge cost of such support to date is likely to pose a barrier to incurring further major economy wide expenditure unless it is very limited and targeted on narrow sectors like hospitality, (as announced just before Christmas). The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking!

- This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a **surprise increase in Bank Rate from 0.10% to 0.25%.** What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that "there has been significant upside news" and that "there were some signs of greater persistence in domestic costs and price pressures".

- On the other hand, it did also comment that **"the Omicron variant is likely to weigh on near-term activity".** But it stressed that at the November meeting it had said it would raise rates if the economy evolved as it expected and that now "these conditions had been met". It also appeared more worried about the possible boost to inflation form Omicron itself. It said that "the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation". It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning "global price pressures might persist for longer". (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)

- On top of that, there were no references this month to inflation being expected to be below the **2% target in two years' time,** which at November's meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.

- These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only **a "modest tightening"** in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. "Modest" seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.

- In as much as a considerable part of the inflationary pressures at the current time are indeed **transitory,** and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.

- As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November's statement that Bank Rate would be raised "in the coming months". That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).

- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
  - Raising Bank Rate as "the active instrument in most circumstances".
  - Raising Bank Rate to 0.50% before starting on reducing its holdings.
  - Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
  - Once Bank Rate had risen to at least 1%, it would start selling its holdings.

- **US.** Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November, **CPI inflation hit a near 40-year record level of 6.8%** but with energy prices then falling sharply, this is probably the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decades high.
- **Shortages of labour** have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.
- Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the **Fed's meeting of 15th December** would take aggressive action against inflation. Accordingly, the rate of tapering of monthly $120bn QE purchases announced at its November 3rd meeting. was doubled so that all purchases would now finish in February 2022. In addition, Fed officials had started discussions on running down the stock of QE held by the Fed. Fed officials also expected three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022 as

the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed – "maximum employment". The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts. What was also significant was that this month the Fed dropped its description of the current level of inflation as being "transitory" and instead referred to "elevated levels" of inflation: the statement also dropped most of the language around the flexible average inflation target, with inflation now described as having exceeded 2 percent "for some time". It did not see Omicron as being a major impediment to the need to take action now to curtail the level of inflationary pressures that have built up, although Fed officials did note that it has the potential to exacerbate supply chain problems and add to price pressures.
See also comments in paragraph 3.3 under PWLB rates and gilt yields.

- **EU.** The slow role out of vaccines initially delayed **economic recovery** in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.
- **November's inflation figures** breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022. Core goods inflation rose to 2.4% in November, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear. Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to *persistently* higher services inflation - which would get the ECB concerned. The upshot is that the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022, in line with the ECB's latest projection.
- **ECB tapering.** The ECB has joined with the Fed by also announcing at its meeting on 16th December that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases for over half of next year. However, as inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing QE support.
- The ECB will now also need to consider the impact of **Omicron** on the economy, and it stated at its December meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.
- The EU has entered into a **period of political uncertainty** where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.

- **CHINA.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of **2020**; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.
- However, the pace of economic growth has now fallen back in **2021** after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future. In addition, the current pace of providing boosters at 100 billion per month will leave much of the 1.4 billion population exposed to Omicron, and any further mutations, for a considerable time. The **People's Bank of China** made a start in December 2021 on cutting its key interest rate marginally so as to stimulate economic growth. However, after credit has already expanded by around 25% in just the last two years, it will probably leave the heavy lifting in supporting growth to fiscal stimulus by central and local government.
- Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

- **JAPAN.** 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid.
- The Bank of Japan is continuing its **very loose monetary policy** but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was actually negative in July. New Prime Minister Kishida, having won the November general election, brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

- **WORLD GROWTH.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope. It is 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, and vice versa. This is likely to reduce world growth rates from those in prior decades.

SUPPLY SHORTAGES. The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available

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 2022/23 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.

APPENDIX 5
Approved countries for investments

Based on lowest available rating as at 04.02.22

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

APPENDIX 6

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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APPENDIX B

Bedfordshire and Fire and Rescue Service

Fire and Rescue Service

TREASURY MANAGEMENT PRACTICES

2022/23

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 Treasury 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 4th February 2022 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. <u>**Exchange Rate Risk Management**</u>

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. <u>**Refinancing Risk Management**</u>

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 2021/22 budget and continues to do so in the 2022/23 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.

CIPFA published the updated Treasury Management and Prudential Codes on 20th December 2021. CIPFA has stated that there will be a soft introduction of the codes with local Authorities not being expected to have to change their TMSS/AIS reports for 2022/23 as full implementation would be required from 2023/24.

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. <u>Market Risk Management</u>

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 2022/23 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 04.02.2022)

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- 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**

This Authority will use an investment benchmark to assess the investment performance of its investment portfolio of overnight 7 day SONIA (Sterling Overnight Index Average) compounded rate.

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. **<u>Treasury Management Organisation Chart</u>**

Chief Fire Officer/Chief Executive

|

Assistant Chief Officer/Treasurer

|

Chief Accountant

|

Finance Business Partner

Principal Finance Officer

Principal Finance Officer

4. **<u>Statement of the Treasury Management Duties/Responsibilities of each Treasury Post</u>**

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 Finance Business Partner

The responsibilities of this post will be:

a. With guidance from the Chief Accountant ensuring that the system is specified and implemented.

b. Ensuring that the Principal Finance Officers fulfil the responsibilities set out below.

4.5 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.

4.6 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.

4.7 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.

4.8 Dealing Limits

There are no dealing limits for individual posts.

4.9 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.

4.10 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. Monthly Budget Monitoring Report

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. This Authority will not allow Creditors to set up a Direct Debit, unless Utilities, to ensure that the Authority maintains control of all outgoing payments and is not subject to any possible fraudulent automatic 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 Treasury 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 Treasury 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

Officer responsible for TM under CA

Title: Finance Business Partner
Professional Qualification: CCAB equivalent or CIMA.

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. Consultants/Advisers Services

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 Treasury Services

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 2021 and runs for three years to 31 May 2024.

c. Cost of service is £6,375 + VAT (increasing by 2% each year).

d. Payments due on 30 June 2021, 30 June 2022 and 30 June 2023.

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.

<u>TMP 12 CORPORATE GOVERNANCE</u>

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

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For Publication

Bedfordshire Fire and Rescue Authority
24 March 2022

REPORT AUTHOR:	**CHIEF FIRE OFFICER**
SUBJECT:	**PERFORMANCE REPORT QUARTER 3 (2021-22) (April 2021 to December 2021)**

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

Background Papers:

PURPOSE:

To present a summary of organisational performance at the end of the third quarter of the financial year.

RECOMMENDATIONS:

That Members:

1. Consider 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.

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1. <u>Background</u>

1.1. Both operational and corporate performance is monitored and managed internally via the regular Corporate Management Team (CMT) meeting.

1.2. The Key Performance Indicators (KPI) and targets included within the report reflect those established as part of the Authority's 2021/22 planning cycle, and in support of the strategic aims set out in the Authority's Community Risk Management Plan 2019-2023 (CRMP):

- Section 3-5: Prevention, Protection and Response (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 Prevention, Protection and Response. 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 the next year 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. Performance data is collected from the Incident Recording System (IRS) and internal databases such as iTrent, Protection and Safe and Well databases. For a variety of reasons some records take longer than others to upload to the IRS and other databases and therefore totals are constantly being amended (by relatively small numbers). The performance report therefore represents a 'snapshot' based upon the best information available at the point in time this report was prepared.

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.

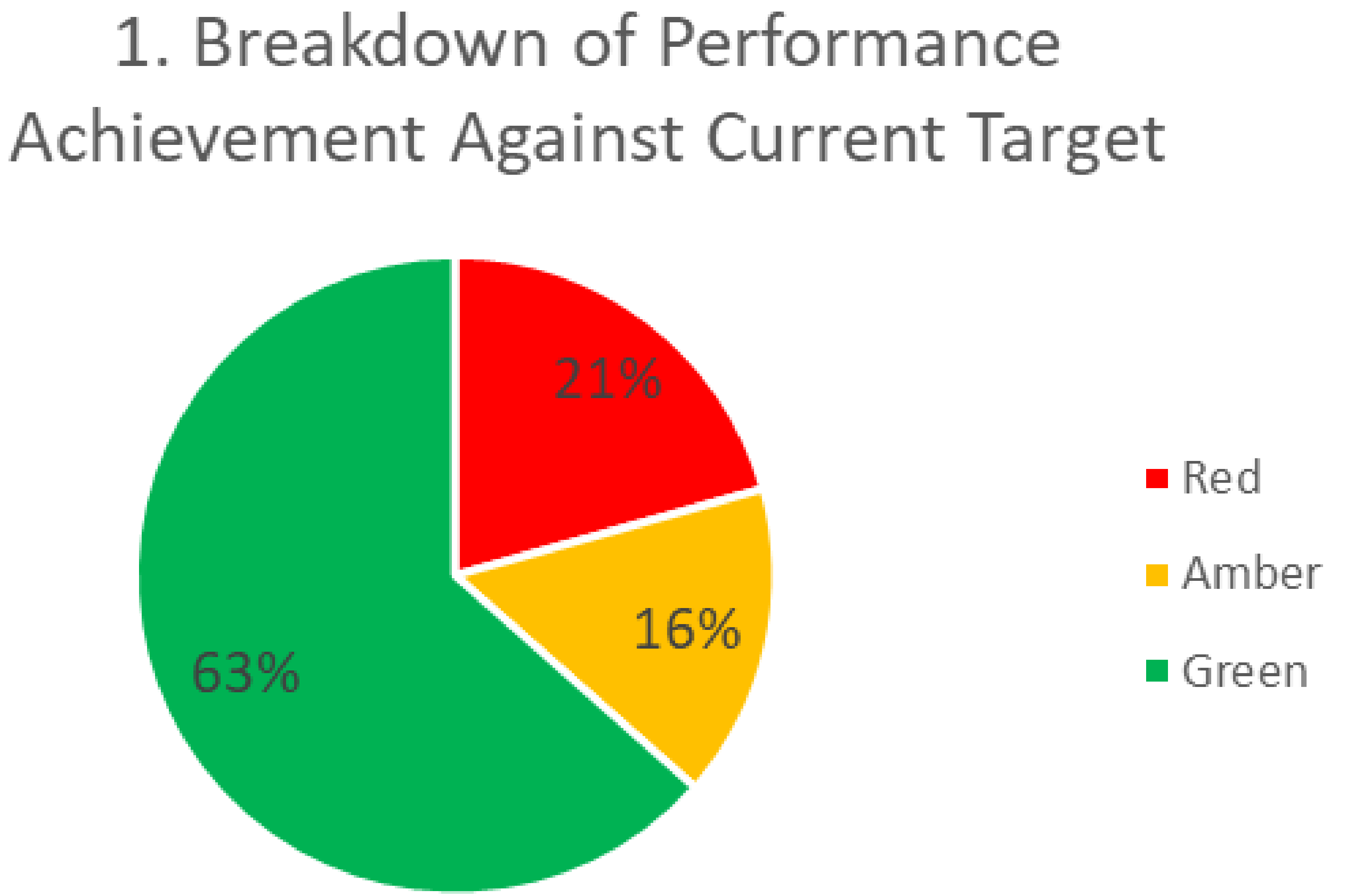
2.2. Service Delivery performance is presented from 3 perspectives:

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

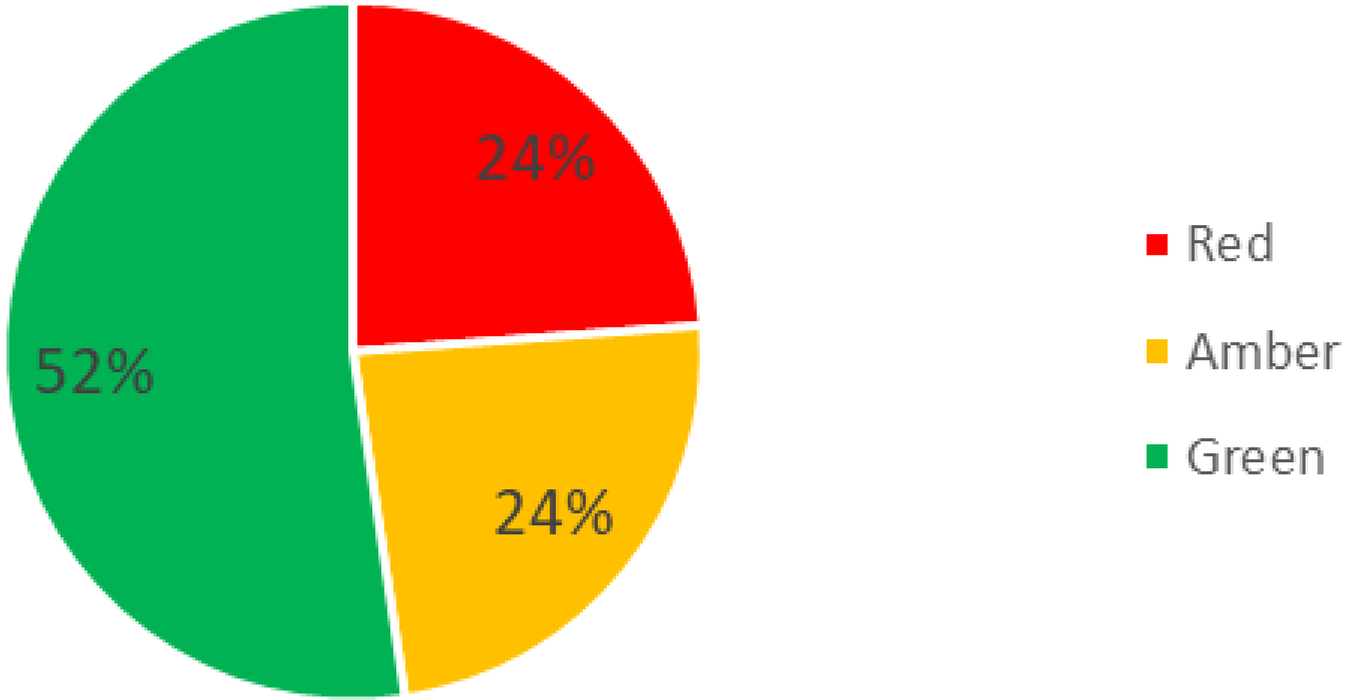
2.3. The status of each measure is noted using the following key:

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.		

Management Summary



2. Breakdown of Performance Achievement Against Previous Year



PREVENTION

Performance Indicator	Objective	2021/22 Q3 Actual	2021/22 Q3 Target	Actual v Target	2020/21 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
Total number of primary fires	Down	588	691.5	-14.97%	565	+4.07%	740.00	-20.54%
Number of (primary) fire fatalities	Down	5	3	+66.67%	2	+150.00%	1.80	+177.78%
Number of (primary) fire injuries where victim went to hospital	Down	25	21	+19.05%	23	+8.70%	19.20	+30.21%
No. of Deliberate (Arson) Fires	Down	429	531.75	-19.32%	351	+22.22%	635.40	-32.48%
Total number of primary fires - dwellings - accidental	Down	195	247.5	-21.21%	227	-14.10%	264.20	-26.19%
Total number of primary fires - dwellings - deliberate	Down	23	22.5	+2.22%	27	-14.81%	25.80	-10.85%
Total number of primary fires - other buildings - deliberate	Down	32	33.75	-5.19%	31	+3.23%	35.40	-9.60%
Number of delivered Safe and Well visits	Up	6680	7500	-10.93%	4529	+47.49%	1319.00	+406.44%
Total number of secondary fires	Down	621	692.25	-10.29%	738	-15.85%	804.40	-22.80%

Prevention Commentary:

Number of (primary) fire fatalities

Unfortunately there have been a total of five fire fatalities as a result of four incidents, all of which were accidental in nature. These comprise:

- one fatality in a dwelling fire previously reported in Q1
- one fire fatality arising from an outdoor garden waste fire at the end of Q2
- two fatalities in November as a result of a vehicle fire caused by a road traffic collision involving multiple vehicles
- one fatality in November as a result of a vehicle fire caused by a road traffic collision involving a single vehicle

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

This quarter there have been 7 fire injuries where the victim went to hospital, bringing the total for Q1-Q3 to 25 which is 14.94% worse than target. Of the seven injuries this quarter four were deemed to be serious (requiring in-patient treatment) and three deemed to be injuries likely to require outpatient treatment. The injuries this quarter arose from five fires (all accidental) consisting of three dwelling fires and two in retail premises. The injuries for the total period Q1-Q3 have arisen from 18 accidental fires of which 14 were dwelling fires. Half of the fires and 11 of the injuries arose from cooking activity. Cooking activity continues to cause a high proportion of dwelling fires and injuries and the Service regularly emphasises cooking safety during Safe and Well visits and media messaging.

Number of delivered Safe and Well visits

The target for safe and well visits has been narrowly missed by 10.93%. However, despite quite meeting the target, numbers so far are 47% more than for the same period last year. Some of the opportunities to gain referrals presented by FRS presence at vaccination centres have reduced and we have seen a decline in numbers of referrals via the online portal. The prevention team is actively engaging with other agencies at work in the community to encourage them to make referrals for vulnerable households they encounter. The prevention team is also going to be delivering training to teams from other agencies enable to them to identify fire risk and make referrals and to deliver safe and well visits in the community.

Total number of primary fires - dwellings - deliberate

The target for the number of deliberate dwelling fires has been missed by 2.22%. There have been 23 deliberate dwelling fires in Quarters 1-3. Three have been deliberate fires involving a person’s own property with no repeat locations. In respect of the 20 deliberate dwelling fires there have been two repeat locations as set out below.

There have been two deliberate fires at one Luton address. Arson prevention measures were fitted by the crew that attended the first incident and further arson prevention advice was given by the Arson Reduction officer after the second incident. Both have been investigated by the police as crimes of arson with intent to endanger life.

There have been three deliberate fires in flats in Luton. The first was a pile of magazines on the stairs. This is being investigated by the police as a crime of arson. The second was inside one of the flats and is being investigated by the police as a crime of arson.

The third involved lighted papers being pushed through the letter box of a flat. This is being investigated by the police as a crime of arson with intent to endanger life. The police, fire service and management company have met and a variety of crime and arson prevention measures have been recommended to the management company. Letters have been sent to all residents reminding them that they are not to leave anything out in the communal areas. Several lockable letter box plates have been fitted in the block to protect vulnerable residents.

PROTECTION

Performance Indicator	Objective	2021/22 Q3 Actual	2021/22 Q3 Target	Actual v Target	2020/21 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
% of Building Regulations consultations completed on time	Up	88%	95%	-7.02%	94%	-6.36%	95%	-6.95%
Total Fire Safety Audits/inspections completed	Up	2488	1800	+38.22%	1891	+31.57%	1977.6	+25.81%
Total number of primary fires in non-domestic buildings	Down	83	93	-10.75%	71	+16.90%	113	-26.55%
The number of automatic fire detector false alarms in non-domestic properties	Down	570	412.5	+38.18%	476	+19.75%	297.00	+91.92%

Protection Commentary:

% of Building Regulations consultations completed on time

During Q3 performance has improved with 93% (130 of 140) consultations completed on time. However, the performance for the whole period Q1-Q3 is impacted by the performance in Q1-Q2 and it will not be possible to achieve the total year target . There is an ongoing shortage of qualified Fire Safety Inspectors within the protection team as a result of high staff turnover due to a high number of retirements and leavers and the time it takes to develop new staff. A number of complex consultations have also been received simultaneously, for example including a single site where several tall buildings were being built where the consultations were all received at the same time. Area Fire Safety Managers are actively managing the allocation of Building Regulations consultation work.

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

The single largest category of premises types is retirement/care homes (81,14%), followed by schools/nurseries (63, 11%) hospitals (51, 9%) and warehouse premises, (8%). Hospitals Luton have the largest number of false alarms. Around 50% of the total is from a single false alarm attendance to a building. The Service aims 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. The protection team also takes action on any individual premises identified as having unacceptably high levels of fire alarm system related false alarms. Analysis of the action taken by protection team shows that this does reduce repeat calls in most cases, however, due to the profile of incidents, this can only have limited impact on the total. Analysis of call handling to try to understand why the number of attendances to AFD false alarms appears to be rising and how this might be reduced has been delayed as a result of the changeover to the new mobilising system.

RESPONSE

Performance Indicator	Objective	2021/22 Q3 Actual	2021/22 Q3 Target	Actual v Target	2020/21 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
Total Emergency Calls received	Down	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Incidents	Down	5227	n/a	n/a	4643	+12.58%	4737.80	+10.33%
Total Fires	Down	1228	n/a	n/a	1317	-6.76%	1588.80	-22.71%
Total Special Services	Down	1845	n/a	n/a	1351	+36.57%	1219.60	+51.28%
Total False Alarms attended	Down	2154	n/a	n/a	1975	+9.06%	1929.40	+11.64%
% of emergency calls answered within 7 seconds	Up	n/a	n/a	n/a	n/a	n/a	n/a	n/a
RDS availability of 1st pump - primary available or alternate available	Up	57%	90%	-36.80%	70.70%	-19.55%	68.63%	-17.12%
% of time whole-time global crewing availability enabled 9 riders on 2 pump responses	Up	37%	90%	-58.89%	72.36%	-48.87%	61.49%	-39.82%
The % of occasions global wholetime crewing met minimum level	Up	94%	90%	4.44%	99.73%	-95.54%	99.56%	-195.96%

Performance Indicator	Objective	2021/22 Q1 Actual	2021/22 Q1 Target	Actual v Target	2020/21 Q1 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
Average Call Handling Time (Bedfordshire incidents (Sec))	Down	131.11	60	+118.52%	155.56	-15.71%	164	-19.86%
Average Call Handling Time (Primary Fires)	Down	96	60	+60.00%	76	+26.32%	n/a	n/a
Average response time to primary fires (Sec)	Down	588.94	600	-1.84%	581.92	+1.21%	606.26	-2.86%
Average Call Handling Time (Secondary Fires)	Down	98	60	63.33%	108	-9.26%	n/a	n/a
Average response time to secondary fires (Sec)	Down	639.01	1200	-46.75%	621	+2.90%	629	+1.63%
Average Call Handling Time (RTC's)	Down	123	60	105%	111	+10.81%	n/a	n/a
Average response time to RTCs (Sec)	Down	656.68	780	-15.81%	649.52	+1.10%	650.55	+0.94%

Response Commentary:

Total Incidents- We have seen an increase in total incidents attended, albeit fires have gone down. Special service incidents have increased which can be attributed to the ever-evolving operational environment. The pressures of the pandemic have seen us support colleagues in the health sector with a range of activities including bariatric response, falls teams, Emergency Medical Response and Co-responding. A new project is looking at how we continue to deliver this support throughout the pandemic.

- **For critical fire incidents (response to primary fires)-** Response times to primary fires have remained within the target KPI and below the five-year average.
- **For road traffic collisions (response to RTCs)-** Response times to RTC's remain broadly consistent with last year and the five-year average (*note link to increased call handling time for a non-addressable location*)
- **For secondary incidents (response to secondary fires)-** Response times to secondary fires remain well within the KPI and consistent with the five-year average.

Average Call Handling Time (Bedfordshire incidents (Sec)) We successfully went live with our new mobilising system, there are many advantages over the old system. However, statistically it is too soon to measure the impact in this report. We are reviewing the blanket 60 second handling time to consider splitting to addressable locations in 60 seconds and non-addressable locations to 120 seconds, this will be more reflective of the work undertaken to identify nonaddressable locations in various location tools.

RDS availability of 1st pump - primary available or alternate available – Recruitment and retention continue to be a challenge in the On-Call, a new project will commence this year to look at new innovative ways of managing the On-Call workforce. Early project governance meetings have taken place and deliverables will be agreed ready for launch in the next fiscal year.

Percentage of time whole-time global crewing availability enabled 9 riders on 2 pump responses - Challenges remain with numbers of people isolating during the pandemic, numbers of drivers and ALP operators e.g. Since 01/04/2020 BFRS has lost 39 EFAD drivers to Retirement, Leaving, Promotion or Sabbatical and in that same time we have created 12 new EFAD drivers which results in more standby moves. We are also making more moves from wholetime stations to On Call to ensure strategically important pumps are available across the county. Fire Control have the autonomy to mobilise more assets to an incident if crewing requires to ensure sufficient weight of attack.

EMPOWERING - Human Resources

Performance Indicator	Objective	2021/22 Q3 Actual	2021/22 Q3 Target	Actual v Target	2020/21 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	2.34%	4.4%	-46.74%	3.49%	-32.79%	4.02%	-41.66%
The percentage of the RDS/On-Call workforce with 4 or more incidences of sickness in a 12 month period	Down	0.22%	5.0%	-95.67%	2.35%	-90.79%	2.92%	-92.58%

Empowering – Human Resources Commentary:

- Both measures are on target

EMPOWERING - Organisational Development

Performance Indicator	Objective	2021/22 Q3 Actual	2021/22 Q3 Target	Actual v Target	2020/21 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	99%	98%	+1.02%	92%	+7.61%	97.80%	+1.23%
Percentage of EFAD qualified LGV drivers that have attended an EFAD course within the last 3 years	Up	98%	98%	+0.00%	90%	+8.89%	97.80%	+0.20%
Percentage of station based operational staff that have attended WFR course within the last 3 years	Up	97%	98%	-1.02%	92%	+5.43%	96.20%	+0.83%
Percentage of station based operational BA wearers that have attended Compartment Fire Behaviour course within the last 2 years	Up	94%	98%	-4.08%	88%	+6.82%	97.00%	-3.09%
Percentage of watches/sections at BFRS stations that have at least 60% of operational personnel qualified in Trauma Care	Up	94%	98%	-4.08%	88%	+6.82%	91.40%	+2.84%
Percentage of station based operational staff that have attended a Working at Height Operator or Supervisor Revalidation course within the last 3 years	Up	94%	98.00%	-4.08%	71%	+32.39%	93.60%	+0.43%
Percentage of Flexible Duty Officers that have attended an Incident Command Assessment within the required frequency for their role	Up	100%	98.00%	+2.04%	96%	+4.17%	98.40%	+1.63%

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%	93.60%	-0.64%
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%	87.40%	-0.46%
Percentage of Safety Critical Maintenance training programmes completed by Control Personnel/WM Control via PDR Pro within the last 12 months.	Up	92%	90%	+2.22%	89%	+3.37%	92.00%	+0.00%
Percentage of Safety Critical Maintenance training programmes completed by Senior Management roles (SC to SOC) via PDR Pro within the last 12 months.	Up	93%	92%	+1.09%	92%	+1.09%	92.80%	+0.22%
Percentage of Safety Critical Maintenance training programme completed by Watch Commander - Day Duty via PDR Pro within last 12 months	Up	91%	92%	-1.09%	94%	-3.19%	93.50%	-2.67%

Empowering - Organisational Development Commentary:

The Service continues to manage the impact on training due to the pandemic, centrally delivered safety critical training continues to be delivered using Covid secure protocols, which are required to protect our frontline response.
Despite the need for Covid secure restrictions a total of *223* training courses have been recorded on the course management system during Q3 of 21/22.

The Training and Development department has been impacted by both instructional staff and students requiring to self-isolate across Q3, *with 3 out of the 6 Service Training Instructors testing positive for Covid-19 in this period.*
The priority for Training and Development in 2021/22 remains focusing on reaching the levels of training and assessments carried out in previous years.

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

1 water course had to be cancelled in Q3 due to Covid-19 impacting crewing and as a result target was missed by 1%.

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

Performance against this target has been missed by 4%. 2 Compartment Fire Behaviour courses were cancelled in Q3, one due to the training host (London Luton Airport) being unable to facilitate the course at short notice and the other was lost due to instructors being unavailable due to Covid.

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.

Performance against this target has improved by 16% from the previous quarter.
Due to the practical nature of the course requiring close physical contact, courses have been difficult to undertake during Covid. However, with a significant training commitment in Q3 all but 2 sections now have the required allocation of Emergency Care qualified personnel.

T6 - Percentage of station based operational Working at Height Operators that have attended a Working at Height recertification assessment within the last three years.
Performance against this target has improved by 4% from the previous quarter.
One Working at Height course had to be cancelled in Q3 due to Covid-19 impacting instructional staff.

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

Whilst the target has been missed, this is historically a stretch target, and Training and Development are providing ongoing support to the on-call sections that are not achieving targets for their individual stations.

T8e - Percentage of Safety Critical Maintenance training programmes completed by Wholetime Day Duty WM's via PDR Pro within the last 12 months.

This target has slipped by 1% against the previous quarter and Training and Development team are liaising with relevant Station Managers to address this area

EMPOWERING - Health & Safety

Performance Indicator	Objective	2021/22 Q3 Actual	2021/22 Q3 Target	Actual v Target	2020/21 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	5.71	2.84	+101.54%	1.87	+204.83%	1.01	+464.50%
Number of working days/shifts lost to accidents per 1000 employees (excluding RDS//On-Call employees)	Down	423.43	218.36	+93.91%	213.93	+97.93%	103.23	+310.17%
Number of 24 hour cover periods lost to accidents per 1000 RDS/On-Call employees.	Down	3167.84	527.72	+500.29%	3642.97	-13.04%	556.46	+469.29%

Empowering – Health and Safety Commentary:

- **H1 Number of Serious Accidents**

The quarter 3 actual figure of 5.69 equates to three over 28 day injuries. This involved an On-Call firefighter who while taking part in confined ladder pitch training during quarter 1, injured his wrist resulting in a fracture, On-Call firefighter who suffered a fall during Station BA training in quarter 2 and a Wholetime firefighter who was hit by a charging covering jet in quarter 3.
The two training related incidents are as a result of local training on the stations and not training conducted at the training centre. All these incidents were subject to a service accident investigation. All events are thoroughly investigated by the Health and Safety team as per Service policy, and the relevant risk assessments have been reviewed.

- **H2 Number of working days/shifts lost to accidents per 1000 employees (excluding On Call (RDS) employees)**

The quarter 3 actual figure of 423.43 is due to an additional 75.5 working days/shifts lost in that period. 29.5 of these days were as a result of 3 workplace accidents in quarter 3 within this category. The remaining additional 46 days are attributed to one knee injury which occurred in March 2021. The injury occurred whilst a firefighter was walking on the incident ground and felt a sudden pain in their left knee. The injured person has yet to return to work. The long absence of the individual involved is contributing to a large disproportionate increase in the figures.

- **H3 Number of 24 hour cover periods lost to accidents per 1000 On Call (RDS) employees**

The quarter 3 actual figure of 3167.83 is due to an additional 59.69 cover periods lost during this period as a result of 2 workplace injuries. One of these workplace accidents occurred in quarter 3 within this category resulting in 3.56 cover periods lost. The remaining 56.13 were associated with an injury sustained during hot fire training in October 2019. This injury has resulted in long term sickness since the event took place and the individual remains absent.

The individual experiencing the hot fire injury in 2019 is still off work, and their absence accounts for a high proportion of the total absence total. In 2022-23 we will split the figure for reporting for an accurate comparison.

UTILISING - Fleet

Performance Indicator	Objective	2021/22 Q3 Actual	2021/22 Q3 Target	Actual v Target	2020/21 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
Grade A Defect Response Time (within 1 hour)	Up	96.88%	90%	+7.64%	96.97%	-0.09%	92.09%	+5.20%
Grade A Defect Response Time (within 2 hours)	Up	96.88%	95%	+1.98%	100.00%	-3.12%	98.65%	-1.80%
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	1.30%	5%	-73.91%	1.20%	+8.57%	2.13%	-38.76%
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	2.09%	5%	-58.20%	2.06%	+1.61%	2.60%	-19.55%
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	0.26%	3%	-91.20%	0.19%	+41.44%	0.40%	-33.55%
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%	-63.75%	0.73%	-1.15%	0.96%	-24.19%
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	98.51%	93%	+5.92%	98.69%	-0.18%	97.77%	+0.75%
Annual Services undertaken	Up	100.00%	97%	+3.09%	100.00%	+0.00%	100.00%	+0.00%

Utilising – Fleet Commentary:

Grade A defect Response Time (within 1 hour)
The target for a Grade A response within 1hour has been achieved. The target for this KPI is set at 90% an actual measure of 96.88% was achieved. This represents an increase of 6.88% performance higher than Q3 target. This figure is lower in comparison to last year's performance by a total 0.09%., which would represent one incident of non- performance against target.

Grade A Defect Response Time (within 2 hours)
The target for a Grade A response within 2 hours has been achieved. A target for this KPI is set at 95% an actual measure of 96.88% was achieved. Overall, this represents a 1.88% performance higher than target for Q3. This figure is lower in comparison to the previous year by 3.12%, where the performance was recorded as 100%. This figure indicates that one incident of non–performance during the third quarter would be the main reason.

The percentage of time when Rescue Appliances were unavailable for use due to annual service. (Turnaround Time)
The target for the percentage of time when rescue appliances are not available for use due annual service is set as 5%. This target was achieved in Q3 with a performance of 1.30% downtime. This was however an increase overall on the previous Q3 performance measure of 1.20%. This equated to an increase overall of just 0.1%, which equates to an overall 8.57% increase in the turnaround time comparison of actual v previous year measure. The measure of Q3 1.30% is an improvement of 38% on the average 5-year performance of 2.13%. Availability of vehicle parts & staff shortages around the Christmas period are the main causes.

The percentage of time when Aerial Platforms and the SRU are unavailable due to defects or annual service requirements. (Turnaround Time)
This KPI has a target of 5% unavailability. The target was achieved in Q3 with a performance of 2.09% downtime. This was however an increase over the same period last year where a 2.06% performance was recorded. Overall, this represents an increase in performance of 0.03% against the 5 year average performance, which represents an 0.51% improvement. Part availability & staff shortages around Christmas period are the main causes.

The percentage of time when other operational appliances were unavailable.
This KPI has a target of 3%. In Q3 this target was achieved with a performance of 0.26%, which is 2.74% higher than the Q3 target. Overall this measure results in an increase in when other operational appliances were unavailable due to downtime over the same performance last year which was 0.19%. This equates to an increase of 0.07%, the increase of 0.07% over the same period last year gives a comparison increase of 41.44%. However, it is still an improvement of 0.14% over the 5yr performance which the average is 0.40%. The increase is due to part availability and staff shortages around the Christmas period.

The total time expressed as a % when all appliances were available for operational use.
This KPI has a target of 93%. In Q3 the percentage when all appliances were available for use was 98.51%. The is 5.51% over target. In the same period last year a performance of 98.69% was recorded. Overall, in comparison to last years recorded performance this is a decrease of 0.18%, however it is still better than the 5 - year average of 97.77%. The slight increase is due to part availability and staff shortages around the Christmas period.

MAXIMIZING - Finance

Performance Indicator	Objective	2021/22 Q3 Actual	2021/22 Q3 Target	Actual v Target	2020/21 Q3 Actual	Actual vs Previous Year	5 year average	Actual v 5 year Average
Percentage of routine financial reports distributed within 6 working days of period-end closure	Up	100.00%	90%	+11.11%	100.00%	+0.00%	100.00%	+0.00%
Percentage of uncontested invoices paid within 30 days	Up	90.52%	96%	-5.70%	90.83%	-0.34%	94.69%	-4.40%
Percentage of outstanding debt over 90 days old	Down	0.89%	1.5%	-40.89%	4.62%	-80.82%	3.64%	-75.64%

Maximising – Finance Commentary:

- **Percentage of uncontested invoices paid within 30 day**s – This measure remains amber despite an improvement on Q2 as the service is still receiving without a valid purchase order in place, and delays in managers authorizing invoices for payments

MAXIMIZING - Information and Communication Technology

Performance Indicator	Objective	2021/22 Q3 Actual	2021/22 Q3 Target	Actual v Target	2020/21 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%	95%	+5.26%	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%	98.67%	+1.35%
The Number of Incidents on Administration Services resolved within 8 Hours	Up	93.33%	93%	+0.36%	90.39%	+3.26%	93.73%	-0.42%
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%	100.00%	+0.00%	99.90%	+0.10%

Maximising ICT Commentary:

- Core ICT services availability All measures are on target

ANDREW HOPKINSON
CHIEF FIRE OFFICER

For Publication

Bedfordshire Fire and Rescue Authority
24 March 2022

REPORT AUTHOR:	**DCFO CHRIS BIGLAND**
SUBJECT:	**PORTFOLIO LEADS UPDATE (PREVENTION AND PROTECTION)**
For further information on this Report contact:	AC Ian Evans Head of Prevention and Protection Tel: 01234 845000
Background Papers:	None

PURPOSE:

The purpose of this report is to update members of the Fire and Rescue Authority (FRA) on key prevention and protection workstreams.

RECOMMENDATION:

That Members acknowledge the content of this paper.

1. Summary

1.1. The restructure of our Prevention team represents a step change in improving their capacity and capability and meets our 2021-22 Community Risk Management Plan (CRMP) action plan for Action 4 to:

Devise and implement new and innovative methods of delivering our Prevention work, reflecting how the Covid19 pandemic has affected our ability to physically interact with our communities.

1.2. The activity higglighted in this paper also help improve our Areas for Improvement highlighted in our Decemember inspection report by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS)

2. Prevention

Prevention Restructure

2.1. Prevention team began a formal restructure process on 15th November 2021 with a target completion date of 1st April 2022. The restructure is a cost neutral exercise to realign posts and resources to deliver:

- Reduced spans of control for the middle managers;
- More focussed thematic 'leads' (e.g. for arson, road safety, home safety, youth development etc) and balanced resource allocation;
- A new Safeguarding Advisor post to ensure that BFRS complies with best practice and NFCC guidance;
- A new Volunteer Manager post to support establishing a team of up to 70 volunteers over three years;
- Administrative support to the Prevention function including for the volunteer scheme, safeguarding process, fire investigation and Safe and Well process; and
- Enhanced engagement and support for vulnerable groups in the community such as those with homelessness, drug and alcohol misuse, contact with criminal justice, and mental health issues.

Web-based Home Fire Safety Visit Form

2.2. Building on 2020's launch of the on-line safe and well portal, Spring 2022 will see the launch of our own new bespoke in-house application and database for home fire safety community activities, including partner referrals. Supporting us to deliver our Safe and Well visit annual targets the new application (app) facilitates robust data collection whilst eliminating paper working. The app is being supported by provision of tablet devices and Mobile Data Terminal enhancements.

2.3. The Safe and Well visit application will deliver:

- Web enabled Safe and Well visits form through Microsoft power app Platform;
- Secure Cloud-based, risk rated database;
- Enhanced alignment to the NFCC Person centred Framework core visit components; and
- Integration of digital technology to enhance our community impact.

Hoarding Panel and Referral Pathway Lunch

2.4. December 2021 saw the launch of the new 'Pan Bedfordshire Hoarding Panel' and associated referral pathway. The aim of the Hoarding Panel is to improve our ability to identify who is at risk from hoarding associated issues and subsequently complete a person-centred multi-agency risk assessment to pass onto the appropriate care coordinator.

2.5. To launch the Hoarding panel BFRS worked in partnership with Bedford Borough, Central Bedfordshire and Luton Safeguarding Adults Boards to deliver two free webinar events designed to raise awareness of, and confidence to use, the new hoarding pathways. The events were attended by 206 Bedfordshire based workforce and voluntary sector members

2.6. Since the launch, the panel chaired by BFRS has received 9 referrals from a range of practitioners. Whilst none of these referrals have been deemed serious enough to be escalated to a Section 42 hearing, the panel has been able to utilise a multiagency approach to advise on best practice remedial advice.

Station Virtual Educational Hubs

2.7. The introduction of pandemic restrictions resulted in Year 2 school prevention visits being curtailed. As the pandemic continued, operational personnel based at Dunstable Community Fire Station, supported by the prevention team, pioneered a virtual Year 2 visit ‘proof of concept’ to deliver virtual lessons for schools.

2.8. Capitalising on the success of the prototype virtual setup, Prevention and Dunstable crews completely renewed the year 2 visit product using StayWise resources.

2.9. An initial roll out of 6 Virtual Education Hubs to wholetime stations is now underway. This has the potential to increase numbers engaged with whilst reducing Covid risks, costs, and environmental impact .

3. <u>Protection</u>

Inspections of Residential Accommodation

3.1. The national Building Risk Review programme of inspections of high-rise residential accommodation initiated by the Government is now formally concluded in line with the original target date of December 2021. As previously reported to FRA, BFRS were provided with a provisional list of 72 buildings, but identified a number of other buildings requiring inspection as part of the programme.

3.2. In total 90 premises were given full inspections as part of the programme of which 65 were residential buildings of at least 6 floors in height.

3.3. Operational crews were also utilised during 2021 to undertake basic fire safety checks on low and medium rise residential accommodation, with a total of 906 inspections completed. Outcomes from these inspections include:

- 31 premises were confirmed as having external wall systems, of which 8 are over 3 storeys (added to inspection plan for a visit by a Fire Safety Inspector).
- Approximately 10% of premises visited had combustible items within the staircase (resulting in one Prohibition Notice being served).
- 26 premises had issues that caused concern and were escalated to a Fire Safety Inspector.

Formal Enforcements and Prosecutions

3.4. 2021-22 has seen a continuing increase in enforcement action taken by BFRS. So far BFRS has issued 18 formal notices, comprising 15 prohibition notices and 3 enforcement notices. The number in the previous two financial years were:

- 20-21 – 15 Formal Notices
- 19-20 – 7 Formal Notices

3.5. The bulk of formal action has been taken in Houses in Multiple Occupation (HMO's), or where sleeping accommodation was found being provided within shops etc. Two other areas of enforcement are;

- Acceptance of a 'Simple Caution' by a premises in Luton following the offence of failing to comply with an enforcement notice.
- Guilty plea entered at Magistrates Court 21 January 22 to four offences relating to failure to comply with the requirements of an enforcement notice in respect of fire safety deficiencies at premises in Bedford.

Protection Grant Expenditure

3.6. Over 2020-21 and 2021-22 BFRS received a total of £264K grant funding to uplift capacity and competency in protection work. Quarterly reports to Government on grant expenditure have been made and Government is due to make a decision upon the release of a final further instalment of this grant (£86K).

3.7. So far £158K of the allocated grant has been spent with the following main areas of spend being:

- Employment costs for 3 Fire Safety Adviser posts - £71K
- Training and professional development - £46K
- Software and IT - £45K

3.8. Plans and commitments for the residue of the grant include the following main areas of spend:

- Recruitment of a 18 month Fixed Term Office Manager £61K
- Continuation of Fire Safety Adviser posts £91K
- Further Training and professional development £31K

3.9. The planned office manager post will free up fire safety managers to focus on technical areas and support improvements in the administration of protection work.

4. Recommendation

4.1. That FRA members acknowledge the content of this paper.

CHRIS BIGLAND
DEPUTY CHIEF FIRE OFFICER

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For Publication

Bedfordshire Fire and Rescue Authority
24 March 2022

REPORT AUTHOR:	**STUART AUGER, HEAD OF RESPONSE**
SUBJECT:	**PORTFOLIO LEADS UPDATE (RESPONSE)**
For further information on this Report contact:	Stuart Auger Head of Response Tel: 01234 845000
Background Papers:	None

PURPOSE:

The purpose of this report is to update members of the Fire & Rescue Authority (FRA) on the latest things happening to Response services in 2021-22. The work highlighted in this report will act as a foundation to launch us into the new fiscal year and ensure we have the right people in place for tackling our Community Risk Management (CRMP) priorities and projects, whilst continuing to operate in a challenging global pandemic.

RECOMMENDATION:

That Members acknowledge the content of this paper.

1. Background

1.1 Response have undertaken an temporary restructure during December 21 and extended this through to 2022-23 to make us more agile and able to respond to demands placed on us during the global pandemic. We have also released a Station Commander to work more flexibly with the Head of Strategic Support and Assurance (HSSA) on various assurance projects.

1.2 A more formal preference and posting exercise was conducted during the same period as this emergency restructure. This has allowed the promotion of all candidates eligible for promotion in promotion pools creating stability for individuals and the organisation.

1.3 Our Deputy Chief Fire Officer (DCFO) and Head of Response (HOR) have begun working on detailed business cases to develop further, Luton pump trial, A1 Roaming pump as well as Collaboration work with the East of England Ambulance Service (EEAST) and the other six FRS in region to support the ongoing global pandemic.

1.4 Existing CRMP priorities including the On Call project and implementation of National Operational guidance will be refreshed with extra resourcing and a sharper focus on results.

2. <u>Preference and Posting Exercise</u>

2.1 Response have seen some interim changes to help us respond to challenges posed by the pandemic whilst maintaining progress on several projects. We have reverted to a North and South Command structure to simplify reporting lines. This was reviewed in January 2022.

2.3 CMT carefully considered a range of factors when deciding where to post people including past appraisals, their preferences, skills and knowledge, promotions and retirements and identified organisational needs.

2.3 The new postings and structure release some capacity for project work for EEAST and On Call improvement as well as building business cases for the first parts the risk cover review project work.

3. <u>Promotions</u>

3.1 The senior team listened to feedback at Officers Forums and Leadership meetings about promotions and the number of people in temporary posts and have committed to promoting all temporary SC and GC in the promotion pools.

3.2 We have carefully considered the promotion and retirement profile of the Service when planning these promotions. These promotions took place from the 1st February 2022, this is before the proposed posting exercise to allow us to move forward with a new round of middle manager selections in the next fiscal year.

3.3 The DCFO and HOR was pleased to announce the following substantive promotions:

- Robert Hulatt- GC Prevention
- Steve Fowler- SC continues in current temporary Prevention post
- Matt Blanchard- SC Kempston / Ampthill / Biggleswade
- Simon Daniels- SC Fire Control / Sandy
- Chris Molloy- SC Response Support
- Anthony Doherty- SC Luton / Toddington
- Mark Garrett- SC Workplace Development

4. Projects Business cases

4.1 We are developing our business case to carry out two pilots, both will focus on the balance of Prevention, Protection and Response activity:

- Base a fire appliance in the Luton Borough Council area to an alternative temporary location in the northern part of Luton at key times to test how this affects response times and response standards – including all incident types and first and second appliance performance; and

- Position an additional appliance within the Eastern part of the county during specific time periods to examine the impact of mobilising from various locations on response times and response standards. This may inform both crewing requirements and an optimum location for a new community fire station.

4.2 Response will work to help the 6 Eastern Fire and Rescue Services achieve consistency in supporting pressures across the operating environment specifically in Health while the global pandemic continues. BFRS are leading a piece of work to produce an Emergency Medical Response Concept of Operations paper setting out the process for Fire and Rescues Service managing and maintaining emergency medical response capability and the coordination of this response with the East of England Ambulance Service Trust (EEAST).

4.3 Our Emergency Medical Response Concept of Operations paper serves as a basis for coordination between EEAST and the six Fire and Rescue Services which form the Eastern Region (Bedfordshire FRS, Hertfordshire FRS, Cambridgeshire FRS, Suffolk FRS, Norfolk FRS Essex FRS) in meeting EEAST's Emergency Medical Response throughout the pandemic. It will only be targeted at areas where data shows we can have the greatest impact saving lives while colleagues in Health are under intense pressure (It will always be done on a voluntary basis)

4.4 On-Call improvement will be redefined to build upon and compliment the work done since it's inception. We recognise some of the challenges have continued and we are yet to fully realise some of the transformational work we set out to achieve in 2015. Focus for delivery will sit with the new Operations North Commander with full support from the project team. Lessons learnt are being compiled and a realistic set of new deliverables agreed with cross functional delivery teams pulled together from across BFRS.

4.5 We recognise all of this is only possible with support from the BFRS project team and all functional areas. DCFO and HOR are keen no new project work is taken on until we have finalised work already started on phasing these projects across the year, giving visibility of project work and capacity of individuals and teams across all our functional areas. We expect to have detailed timelines worked up before the postings exercise goes live in April.

5. Next Steps

5.1 Some of the work earmarked for being started in April 2022 includes building detailed business cases for the pilots for different response options in Luton and the Eastern part of the County. We also want to recognise the pressure the pandemic has created and the different operational conditions we are working in. To better react to this, we will continue to support EEAST (East of England Ambulance Service Trust) and of course restart the On Call improvement project to increase our own operational performance and resilience.

We are pleased to see several projects move to completion and become BAU including:

- Gartan phase 2
- Airbus Command support software roll out
- ESN mobilising project

STUART AUGER
HEAD OF RESPONSE

For Publication

Bedfordshire Fire and Rescue Authority
24 March 2022

REPORT AUTHOR: **HEAD OF STRATEGIC SUPPORT AND ASSURANCE, STEVE FRANK**

SUBJECT: **COMMINUTY RISK MANAGEMENT PLAN (CRMP) FINALISED ACTION PLAN FOR 2022-23**

For further information on this report contact: Steve Frank
Head of Strategic Support and Assurance
Tel No: 07876 144846

Background Papers: See BFRS Website CRMP and Budget Consultation-and-Engagement

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PURPOSE:

The purpose of this report is to present members of the Fire & Rescue Authority (FRA) a finalissed Community Risk Management Plan Annual Action Plan for 2022-23.

RECOMMENDATION:

That Members acknowledge the content of this paper.

1. Summary

1.1 The results of our consultation on the 2022-23 CRMP action plan, budget and council tax proposals show we have overwhelming support for our proposals.

1.2 This paper builds on our papers presented to Members dated 14 December 2021 and 10 February 2022 on Consultation on the 2022-23 Budget and Community Risk Management Plan Annual Action Plan. This paper contains our CRMP action plan 2022-23 in Appendix 1 and will be published on our website.

1.3 We have revealed a significant public interest in improving our focus on understanding our communities, environmental management, ensuring safe systems of work, and demonstrating ethical governance credentials. These issues take a stronger focus in 2022-23 and in developing our next CRMP from 2023-24 and onwards.

1.4 Each year, we prepare an Annual Action Plan that outlines what we intend to do during that particular year to support the delivery of our CRMP and our mission to provide outstanding fire and rescue services that help make Bedfordshire safer. This is the final year of our CRMP 2019-23 published in 2019 and refreshed in 2020 and 2021. This time we intend only to publish the action plan, and update photographs, the chief and chairs forward, budget and performances information in our CRMP for 2022-23.

1.5 To help make it easier to follow, the actions in Appendix 1 are aligned to our CRMP ‘Aims’. Our Annual Performance and Statement of Assurance Report will explain how well we did in delivering our plans.

1.6 A new CRMP for 2023-24 will be published in early 2023.

2 How we are responding to consultation results

2.1 Appendix 1 shows how results of consultation have influenced our 2022-23 CRMP action plan. For example, environmental, community focus, ensuring safe safety and wellbeing of our staff, and ethical and accountability issues take a much stronger focus. Detailed discussions within our Corporate Management Team have also sharpened our priorities.

2.2 Our top priorities are now:

- Priority 1. Bedfordshire Fire and Rescue Service (BFRS) will develop a more comprehensive profile of risk by engaging with national and local partners and our communities and use these results to update our Community Risk Analysis (CRA) that supports our new Community Risk Management Plan for 2023-24 and onwards.
- Priority 2. We will continue to refine our processes for effectively targeting protection activity towards higher risk people and places, based on our Community Risk Analysis (CRA) and in line with the latest national guidance.
- Priority 3. BFRS will use the outcomes from our emergency cover review to match emergency response cover with current demand and future community risks in line with our new Community Risk Management Plan for 2023-24 and onwards. We will integrate findings from all other relevant reviews that relate to our emergency services.
- Priority 4. We will ensure safe systems of work by further improving Compartment Fire Behaviour Training, and in dealing with contaminants.
- Priority 5. We will ensure financial resilience by anticipating potential funding pressures resulting from the Covid19 pandemic and the 2021 Comprehensive Spending Review, and identify a range of potential efficiency options to maintain front line services. This includes improving procurement options and demonstrating ethical investment. As a result, we will continue to develop medium-term financial planning and long-term thinking.
- Priority 6. We will ensure there is a step change in data quality, performance reporting and insight. This includes integrating and fully utilising the Business Management Information System (BMIS) across the organisation and use it as a tool to support data quality and transformational change in readiness to support our new Community Risk Management Plan for 2023-24 and onwards.

2.3 As a response to the themes contained in the consultation, the bullet pints below provide a summary of how each action takes into account the key results of consultation.

- The action plan in Appendix 1 shows our top six priorities are highlighted in **Green** and wording amended in light of our CRMP consultation is highlighted in **red;**
- Only six out of 19 actions have not changed;
- Actions 1, 2, 6, 8, 12, 15 are more focused on understanding and engaging with our communities;

- Actions 14 and 16 clearly relate to environmental management and dealing with climate change;
- Actions 10, 11, 12 and 18 relate to staff safety and wellbeing; and
- Actions 14, and 19 are now better focused on data quality, performance reporting, openness, transparency relating to ethical governance.

3 Next Steps

3.1 We will create a You Said We Did part of our website and show what is changing as a result of consultation and engagement in line with our Service Value ‘We Are Accountable’.

4. Recommendations

4.1 Members acknowledge the contents of this report.

STEVEN FRANK
HEAD OF STRATEGIC SUPPORT AND ASSURANCE

Appendix 1 - OUR CRMP 2022-23 ANNUAL ACTION PLAN

Our top six priorities are highlighted in **Green** and wording amended in light of our CRMP consultation is highlighted in **Red**

Aim 1: PREVENTING FIRES AND OTHER EMERGENCIES FROM HAPPENING	
What we want to do	**Why we want to do it**
1. **Priority 1**. Bedfordshire Fire and Rescue Service (BFRS) will develop a more comprehensive profile of risk by **engaging with national and local partners and our communities** and use these results to update our Community Risk Analysis (CRA) that supports our new Community Risk Management Plan for 2023-24 and onwards.	*The population of Bedfordshire presents a broad and complex range of diversity and vulnerability. By engaging with partner agencies and groups within our community we will build a better understanding of community needs so we can target and deliver our service more effectively.*
2. We plan to make a success of our new paperless home fire safety visit system which has been developed in line with the latest national guidance on the **person-centred approach to home fire safety visits.**	*Our new paperless system is designed to collect more detailed information which will improve our understanding of home fire risks in our community. This will improve our ability to evaluate how effective our service is and help us to continually improve our targeting of those most at risk.*
3. We will improve our quality assurance processes for home fire safety visits to ensure that prevention work is effectively targeted, carried out and then evaluated to the highest standards.	*Quality assurance involves making regular checks that our service is being delivered consistently and effectively to make sure we get it right first time. This will help us to continuously improve our service to the community.*
AIM 2: PROTECTING PEOPLE AND PROPERTY WHEN FIRES HAPPEN	
What we want to do	**Why we want to do it**
4. We will continue to invest in expanding our protection team and developing the competence of those undertaking protection work.	*New legislation is being introduced to improve building safety. The Government is providing targeted funding to support improvements in our fire safety capability. To ensure that buildings in Bedfordshire*

	are safe we need to both increase our capacity to deliver fire safety enforcement work & ensure those carrying out this work are qualified in line with the national competency framework.
5. We will improve our quality assurance processes in order to demonstrate that protection work is consistently carried out to the highest standards.	*Our risk-based inspection programme is reducing risks and supporting the economic wellbeing of our communities. Improving quality assurance processes will help us to ensure that our work to promote compliance with fire safety law is delivered consistently and effectively.*
6. **Priority 2.** We will continue to refine our processes for effectively targeting protection activity towards **higher risk people and places**, based on our Community Risk Analysis (CRA) and in line with the latest national guidance.	*There are over 20,000 premises in Bedfordshire to which the Fire Safety Order applies. We need to deliver our enforcement responsibilities and focus our resources on those premises that represent the greatest risk to life in case of fire.*
AIM 3: RESPONDING TO FIRES AND OTHER EMERGENCIES PROMPTLY AND EFFECTIVELY	
What we want to do	**Why we want to do it**
7. We will aim to improve On-Call availability including ensuring we are using our on-call crews effectively to respond to incidents based on risk, and by empowering more autonomy and decision making to on-call station	*Many of our fire appliances are crewed by 'On-Call' firefighters who live or work close to their local fire station. Like many other fire and rescue services, we find it challenging to recruit & retain people so need to develop new innovative ways of working to improve the availability of our On-Call appliances.*
8. **Priority 3**. BFRS will use the outcomes from our emergency cover review to match emergency response cover with current demand and future **community** risks in line with our new Community Risk Management Plan for 2023-24 and onwards. We will integrate findings from all other relevant reviews that relate to our emergency services.	*We will develop our planning process by using a simulation model of our service to predict the impacts of potential changes. This enables us to ensure that we have the right resources in the right places at the right times to respond effectively and efficiently. Some of the questions this will address include:* • *Where is the optimal location for a station?* • *What is the ideal balance between on-call and wholetime resources?* • *How will housing or infrastructure changes affect response?*
9. We will launch the National Operational Guidance Implementation Group to consist of key stakeholders and departments. As a result, we will be in a better position to adopt the relevant National	*We will continue to adapt, integrate and rationalise operational policy in line with appropriate national guidance.*

Operational Guidance including the integration of appropriate regional policy guidance.	
AIM 4: EMPOWERING OUR PEOPLE AS WE WORK TOGETHER TO MAKE BEDFORDSHIRE SAFER	
What we want to do	**Why we want to do it**
10. Priority 4. We will **ensure safe systems of work** by further improving Compartment Fire Behaviour Training, and in dealing with contaminants.	*To further develop our safety critical training and ensure we are up to date with the latest techniques whilst following National Operational Guidance and best practice* *With research indicating an emerging risk to firefighters and to the Organisation, provide strategic direction and ownership for the reduction of risk associated with exposure to fire effluents and the work streams identified through the CWG.*
11. BFRS will recruit and retain talented people and support managers to develop and make the best use of their staff by mainstreaming and communicating updated policies, procedures and guidance.	*Our workforce is truly our biggest asset, so it is important we look after them and support them to continuously develop. We will improve performance and commitment by involving staff in shaping and delivering our plans and policies, treating them fairly and consistently, and recognising a job well done. Collaboration with staff on health and wellbeing will help identify workplace risks, find~~ing~~ practical solutions, and increase their sense of value. We will embed the learning from how we adapted our approach to recruitment & selection, and new ways of working during the Covid19 pandemic, devising a new offer to promote BFRS as an Employer of Choice within our diverse communities.*
12. **We will further embed equality, diversity, inclusion and belonging into everything we do**. An area of focus is identifying the challenges of neurodiversity and enabling managers to offer on-going support and reasonable adjustments, signposting to specialist services where appropriate, and helping staff to help themselves due to each being affected differently, often over a long period, and frequently having developed their own effective coping strategies.	*There is an ever-increasing understanding around neurodiversity. BFRS are committed to continuously developing our approach to neurodiversity through a steering group and a number of interlinked initiatives.* *Alongside the need for signposting to more formal support and training, many immediate needs could be understood and met simply by line managers regularly listening to their staff and applying better coping mechanisms.*

AIM 5: UTILISING OUR ASSETS AND RESOURCES EFFICIENTLY AND EFFECTIVELY	
What we want to do	**Why we want to do it**
13. We plan to update and develop our policy on fleet, its management and **its procurement**, and improve how we report its performance which includes effective consideration of **greener options and practices**.	*We need to demonstrate we have the right fleet and equipment in the right place with the right capabilities that suit local risks. This includes developing a replacement plan and supporting project team for type B and other Fire appliances based on the completed review of specialist appliances and equipment.* *In addition to our standard fire appliances, we maintain a range of specialist appliances and equipment across Bedfordshire including aerial ladder platforms, water carriers and heavy rescue & water rescue boats. We intend to review the disposition and capabilities of these specialist appliances to ensure they continue to meet the risks & demand within Bedfordshire.* *We need to monitor our performance and response to vehicle and equipment defects ensuring that we reduce the time that vehicles and equipment is unavailable.*
14. Priority 5. We will ensure financial resilience by anticipating potential funding pressures resulting from the Covid19 pandemic and the 2021 Comprehensive Spending Review, and identify a range of potential efficiency options to maintain front line services. **This includes improving procurement options and demonstrating ethical investment.** As a result, we will continue to develop medium-term financial planning and long-term thinking.	*To ensure we can deal with new funding pressures, afford bids, and maintain financial resilience in the longer term. determining financial resilience is not an exact science but what we do know is that fire and rescue services need a sound strategic approach to inform decision-making.* *To ensure that there is a robust, balanced, medium term financial plan with efficiency options, appropriate reserves & an Authority that is providing value for money.*
15. BFRS will continue to develop opportunities to collaborate more with other public sector and community partners including **sharing sites and improving community access to our buildings, and in maximising the commercial opportunities** of our estate to improve value for money from our property.	*By working collaboratively, we can share information and expertise and in doing so maximise our resources. Emergency Services have a strong track record of working together in immediate emergency situations. However, communities are changing and the impact of the Covid-19 pandemic on communities is significant. We need to be more agile and smarter in spotting these changes. In addition, we must navigate a complex partnership landscape and a clearer strategic approach will help us understand how our communities are changing and identify any gaps in community engagement. As a*

	result, we can work with any new partnerships that might help us deliver services better.
16. **We will make a step change in the way we consider and deal with climate change.** This includes developing policy and creating an accurate baseline of energy and water use, waste, of working habits, and travel so we can reduce our carbon footprint.	*We see a clear public interest in reducing carbon emissions. Our Horizon Scanning workshops from July 2021 identified the environment as a key future risk and opportunity to reduce carbon emissions. This baseline should identify the sources of the Service's emissions such as consumption from energy, fuel and water and establishes a baseline target derived from year 2021/22 against which progress will be measured. This will form a key part of the Service's Environmental Management System and identifies key actions to take in order to meet carbon emission targets.* *Our new website will showcase what we will do on environmental management and it is planned that funds will be allocated towards our green/environmental initiatives.*
AIM 6: MAXIMISING USE OF DATA AND DIGITAL SOLUTIONS TO DRIVE IMPROVEMENT	
What we want to do	**Why we want to do it**
17. **We will integrate data quality**, risk management, benefits realisation, and resourcing requirements into complex ICT projects to assure ourselves our ICT systems are resilient, reliable, accurate and accessible.	*We need to make it as easy as possible to work effectively. To ensure that we consider the demand for remote working and to seek opportunities for efficiencies and productivity gains.*
18. We will continue to **increase the safety of our operational staff by delivering new technological capabilities** including operational debrief software and new digital fire ground communications.	*To ensure that the learning outcomes from operational debriefs are captured and recorded in the most effective manner, in order to assist in developing new operational policies, equipment, audit processes and improving firefighter safety.* *To improve Firefighter safety by enhancing the communications on the fire ground, ensuring that messages are exchanged seamlessly and constantly received.*
19. **Priority 6**. We will ensure there is a step change in **data quality, performance reporting and insight**. This includes integrating and fully utilising the Business Management Information System (BMIS) across the organisation and use it as a tool to support data quality	*BMIS represents a step change in how we understand and manage performance and will assist in improving accountability and in supporting new ways of working. BMIS has been an important*

and transformational change in readiness to support our new Community Risk Management Plan for 2023-24 and onwards.	*investment by the Service, and we need to develop the internal capacity to support its integration.* *Further strengthen our data insight & analysis capabilities through the introduction of an updated business management information system.*

For Publication

Bedfordshire Fire and Rescue Authority
24 March 2022

REPORT AUTHOR: **CHIEF FIRE OFFICER**

SUBJECT: **PERFORMANCE TARGET SETTING 2022-23 (APRIL 2022 to MARCH 2023)**

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Background Papers: Previous quarterly performance update reports

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PURPOSE:

To brief Members on the proposed targets for the range of Key Performance Indicators (KPIs) for the financial year 2022/23 which underpin delivery of the Community Risk Management Plan.

RECOMMENDATIONS:

That Members:

1. That Members discuss and scrutinise the proposed KPI targets for 2022/23 and then approve the agreed targets for inclusion in the Service Performance Management Framework.

2. Receive a report at a future FRA meeting (during Q1 of 2022/23) outlining proposals for presenting Members with a revised performance report that contains a more balanced and informative suite of strategic KPIs to better enable effective oversight and scrutiny of organisational performance.

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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. The Fire and Rescue Authority scrutinises performance on a quarterly basis via a combined performance report covering all areas of operational and corporate performance.

1.2 The targets within Appendix A 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 2022/23 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):

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 continually reviewing what and how it captures and how best to utilise the broad range of risk and performance data available. The measures in this report are by a series of over 220 local performance measures 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.

1.4 The performance reports presented to Members, currently provided quarterly, will continue to evolve during 2022/23 as work continues to expand the technical capabilities of the Business Information Team and increase the breadth and availability of risk and performance information.

RECOMMENDATIONS:

That Members:

1. Discuss and scrutinise the proposed KPI targets for 2022/23 and agree the targets for inclusion in the Service Performance Management Framework;
2. Agree to receive a report at a future FRA meeting (during Q1 of 2022/23) outlining proposals for presenting Members with a revised performance report that contains a more balanced and informative suite of strategic KPIs to better enable effective oversight and scrutiny of organisational performance.

ANDREW HOPKINSON
CHIEF FIRE OFFICER

1. Prevention Performance

	Performance Indicator	Frequency of Reporting	BFRS Historical Performance5 Year Average	BFRS Target 2021/22	BFRS Target 2022/23	Target setting Rationale
Total number of primary fires		Quarterly	963.60	922	819	15% reduction on 5-year average (downward trend)
Number of accidental fire fatalities		Quarterly	3.00	Fewer than 4	Zero	New measure which focuses on accidental fire deaths, and therefore arguably preventable, which the FRS has influence over through its prevention work. It is the recommendation of the CFO that the Authority sets a target of zero accidental fire deaths as a point of principle.
Number of primary fire injuries where victim went to hospital		Quarterly	31.80	Fewer than 29	Fewer than 29	Maintain previous year target due to 5-year average
No. of Deliberate (Arson) Fires (primary & secondary)		Quarterly	762.60	709	687	10% reduction on 5-year average (downward trend)
Total number of primary fires - dwellings - accidental		Quarterly	356.00	330	321	10% reduction on 5-year average (downward trend)

Total number of primary fires - dwellings - deliberate	Quarterly	34.40	30	31	10% reduction on 5-year average
Total number of deliberate primary fires in other buildings	Quarterly	46.40	45	44	5% reduction on 5-year average
Number of delivered Safe and Well visits	Quarterly	5036.2	10,000	10,000	Stretch target (upward trend)
Total number of secondary fires	Quarterly	956.20	923	861	10% reduction on 5-year average (downward trend)

2. Protection Performance

Performance Indicator	Frequency of Reporting	BFRS Historical Performance5 Year Average	BFRS Target 2021/22	BFRS Target 2022/23	Target setting Rationale
% of Building Regulations consultations completed on time within 15 working days	Quarterly	95%	95%	95%	Realistic level of compliance with building regulations guidance (additional measure to be introduced to capture the total numbers received)
Total Fire Safety Audits or inspections completed	Quarterly	1902.20	2400	2400	Maintain target due to ongoing recruitment and retention challenges. This comprises the audits and inspections carried out by specialist and operational staff
Total number of primary fires in non-domestic buildings	Quarterly	134.60	124	121	10% reduction on 5-year average (downward trend)
The number of automatic fire detector false alarms attended in non-domestic properties	Quarterly	723.40	550	687	5% reduction on 5-year average due to higher than expected previous year performance

3. Response Performance

	Performance Indicator	Frequency of Reporting	BFRS Historical Performance 5 Year Average	BFRS Target 2021/22	BFRS Target 2022/23	Target setting Rationale
Total Emergency Calls received		Quarterly	n/a	n/a	n/a	Monitor only. Awaiting clarification on 5 year average data following mobilising system update.
Total Incidents		Quarterly	6086	n/a	n/a	Monitor only
Total Fires		Quarterly	1829	n/a	n/a	Monitor only
Total non-fire related Special Service calls		Quarterly	1719	n/a	n/a	Monitor only
Total False Alarms attended		Quarterly	2431	n/a	n/a	Monitor only
Percentage of emergency calls answered within 7 seconds		Quarterly	n/a	n/a	n/a	Awaiting clarification on 5 year average data following mobilising system update.
Average Call Handling Time (Bedfordshire incidents)		Quarterly	n/a	n/a	n/a	Awaiting clarification on 5 year average data following mobilising system update.
Average response time to primary fires in seconds (1st pump)		Quarterly	581.22	600	600	Service level performance as per CRMP

Average response time to secondary fires in seconds (1st pump)	Quarterly	662.44	1200	1200	Underpins CRMP Emergency Response Standard
Average response time to RTCs in seconds (1st pump)	Quarterly	671.42	780	780	Underpins CRMP Emergency Response Standard
% availability of the first on-call pump	Quarterly	70%*	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	98%	90%	90%	Underpins CRMP Emergency Response Standard
The % of occasions global wholetime crewing met minimum level (4 riders)	Quarterly	98%*	n/a	100%	New measure that shows how often the fire appliances crewed by wholetime crews were available

** BFRS Historical Performance is only based on 3 years validated data for these measures.*

4. Empowering Performance

Equality & Diversity					
Performance Indicator	**Frequency of Reporting**	**BFRS Historical Performance**	**BFRS Target 2021/22**	**BFRS Target 2022/23**	**Target setting Rationale**
Percentage of new On call entrants who are women	Annually	2020/21 - 14.29% 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 11.11%. 27 new On-Call FF(3 female). Covid restrictions have continued to prevent in person events. Plans for 2022/23 include attending local events including the Bedford River Festival, Luton Carnival etc and “have a go” events are being organised. However, it is proposed that the target remains at 12.5% as local powers/restrictions relating to Covid are yet to unfold and the demographics of the localities of the On-Call stations makes an additional 12.5% of new recruits a stretch target.
Percentage of new Wholetime entrants who are women	Annually	2020/21 - 11.10% 2019/20 - 5.89% 2018/19 - 5.56% 2017/18 - 8.00%	10%	20%	Current performance is running at 15.79%

		2016/17 - 14.81%			with 3 of our 19 new Wholetime Firefighters being onboarded are women. Although a small number of new wholetime firefighters are predicted for 2022/23 a stretch target of 20% has been set.
Percentage of On-Call operational staff who are women	Annually	2020/21 - 9.72% 2019/20 - 10% 2018/19 - 9.3% 2017/18 - 9. 4% 2016/17 - 8.1% 2015/16 - 7.7% 2014/15 - 6.2%	10.1%	Monitor only	As at 31 January 2022 10.58% of RDS operational staff are women which reflects that the Service is improving retention and is consistently better than the National Average which for 2020/2021 was 6.5% Stretch target for new entrants set as 20% by PO Team and is dependent on both number of new entrants and retention. This indicator becomes a monitoring indicator with no target.
Percentage of Whole-time operational staff who are women	Annually	2020/21 - 6.25% 2019/20 - 6.43% 2018/19 - 6.4% 2017/18 - 6.0% 2016/17 - 5.4% 2015/16 - 4.1%	7.7%	Monitor only	Home Office average of women firefighters in post March 2021 was 8.1% Current performance running at 6.16%. This figure has reduced as a result of more women leaving BFRS than joining in the last 12 months. The next recruitment campaign for whole time staff is planned for 2023/24.

					Therefore, retention and promotion through support and development opportunities will be the focus for 2022/23. Stretch target of 20% for new entrants but this indicator becomes a monitoring indicator with no target.
% of new starters (all staff groups) from ethnic minority backgrounds across the whole organisation	Annually	2020/21 - 8.9% 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%	20%	New stretch target of 20% set by PO's for new starters. Recruitment of ethnic minority staff to Green Book non-operational roles is very encouraging – currently at 19.05%. Recruitment to our operational roles remains a challenge. Across the whole organisation current performance is at 8.69% slightly less than target of 8.9% Covid restrictions have significantly affected community engagement activities. Local powers of restrictions relating to Covid will emerge and some ongoing disruption to engagement events is anticipated. We will continue to explore more effective ways to engage with

					underrepresented groups including working with partners. Target is stretched despite not expecting significant levels of recruitment for 2022/23. Even with significant levels of recruitment in 2021/22, the proportion has increased by 0.69%.
% of new starters from ethnic minority backgrounds across wholetime & on-call operational roles	Annually	2020/21 - 11.10% 2019/20 - 5.26% 2018/19 - 6.19%2 2017/18 - 6.13%	7.1%	15%	Stretch target set as 15% noting national average for firefighters recruited during 2020 / 2021 was 6.8%. Current performance to date is 4.34%, there is low level of recruitment planned for 2022/23. Covid has impacted on engagement events. Several community events are planned throughout 2022/23 including the Bedford River Festival and Luton Carnival
Percentage of On-Call operational staff who have an ethnic minority background	Annually	2020/21 - 5.56% 2019/20 - 6.36% 2018/19 - 6.0%2 2017/18 - 1.7% 2016/17 - 1.2% 2015/16 - 0.7%	6.9%	Monitor only	Currently running at 2.72% This figure has reduced as a result of more ethnic minority RDS staff leaving BFRS than joining in the last 12 months.

					National average 2020/2021 was 1.6%. The rural locations of RDS stations have a very low proportion of the ethnic minority community who live within the required response times. Very challenging target of 4% set.
Percentage of Wholetime operational staff who have an ethnic minority background	Annually	2020/21 - 7.69% 2019/20 - 6.79% 2018/19 - 6.1%2 2017/18 - 5.2% 2016/17 - 3.4% 2015/16 - 4.7%	8.6%	Monitor only	Current performance is at 6.16% just above the National Average. National average 2020 / 2021 was 6.3% This figure has reduced as a result of more ethnic minority operational staff leaving BFRS than joining in the last 12 months. Targeted engagement work will continue but with low levels of recruitment forecast for 2022/23 a stretching target of 8.6% is maintained. This figure has reduced as a result of more ethnic minority operational staff leaving BFRS than joining in the last 12 months.

Human Resources					
Performance Indicator	**Frequency of Reporting**	**BFRS Historical Performance**	**BFRS Target 2021/22**	**BFRS Target 2022/23**	**Target setting Rationale**
The percentage of working time lost due to sickness (excludes On-Call)	Quarterly	2020/21 - 3.21% 2019/20 - 4.34% 2018/19 - 4.11%1 2017/18 - 3.73% 2016/17 - 4.39% 2015/16 - 3.55% 2014/15 - 3.61%	4.4%	4.4%	The most recent Xpert HR Annual Absence Rates Survey published June 2021 (using 2020 data) reported that Covid restrictions led to wide variations in sickness absence rates in 2020. It identified decreases in sickness absence in some areas where employees were able to work from home and increases in others where they were not. The median % of working time lost in the public sector excluding Covid related absences was 2.6%. Current NHS waiting lists exceed 6 Million because of Covid. The BMA report that Covid has resulted in 4.29M fewer elective procedures and 29.40M fewer outpatient attendances. Given this backlog and that it is widely acknowledged that the backlog will worsen before they improve it is recommended that the target of 4.4% is maintained.

The percentage of the On-Call workforce with 4 or more incidences of sickness in a 12-month period.	Quarterly	2020/21 - 0.94% 2019/20 - 3.39%	5%	5%	Due to the direct and indirect ongoing impact on health of Covid is still emerging, and the impact on the NHS, it is recommended that the target is maintained.
Turnover excluding retirement or dismissals - Excluding On-Call	Annually	2020/21 - 3.15% 2019/20 - 3.88% 2018/19 - 4.30% 2017/18 - 2.67% 2016/17 - 3.59% 2015/16 - 4%	4%	7%	Previous targets have been based on an average of the past 3 year's performance (rounded up) plus an additional % dependent on current performance. Current performance is running at 5% (rounded). The existing target should be increased to 7% as it is likely to increase for operational staff due to Pension remedy, and also transfers to other neighbouring FRAs that are currently recruiting. Turnover rates for Green Book staff are also likely to increase as it is currently an 'employee's market' with much higher salaries available in the private sector. NOTE: National median turnover for 2020 (source XpertHR) was at 11.1% in the private sector and 9.6% in the public sector.
	Annually	2020/21 - 11.33% 2019/20 - 6.78%	13%	13%	Target is usually based on the performance over the last 3 completed

Turnover excluding retirement or dismissals - On-Call only		2018/19 - 13.23% 2017/18 - 18.69% 2016/17 - 9.36% 2015/16 - 9.93% 2014/15 - 10.7%			years (rounded up) + 1% given the volatile nature of RDS/On call turnover. Current performance is running at 12% (rounded). Given the unpredictable nature of RDS/On-Call employment and potential changes in On Call contracts, turnover may increase. NOTE: National median turnover for 2020 (source XpertHR) was at 11.1% (private sector) and 9.6% public sector.
Percentage of appraisal documents returned to HR within 3 months of reporting year (end September) All staff	Annually (after Sept each year)	2020 - 88.23% 2019 - 95.38% 2018 - 83.55% 2017 - 92.80%	87%	90%	The submission of appraisals for 2020 was extended to accommodate the mandated Covid restrictions. Therefore the 88.23% was the completion rate as at 31 December 2020. Restrictions continued in 2021 and the completion rate by 30 September was 82.62% which increased to 90.98% by the end of December. Whilst government restrictions have ended, local powers/restrictions to deal with the ongoing Covid

					challenges are yet to emerge. In addition, to comply with existing HSE requirements, the Service will risk assess and put the necessary measures in place to safeguard the health and wellbeing of staff and maintain the delivery of services to the community. Therefore, a target of 90% by end of September has been set.

Human Resources (Occupational Health)					
Performance Indicator	**Frequency of Reporting**	**BFRS Historical Performance**	**BFRS Target 2021/22**	**BFRS Target 2022/23**	**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 etc).	Annually	2020/21 - 3.47% 2019/20 - 95.8% 2018/19 - 99% 2017/18 - n/a 2016/17 - 98% 2015/16 - 98%	98%	85%	As a result of Covid national lockdowns and ongoing restrictions throughout 2021/22, the annual fitness testing programme had to be paused until September of 2021. In order to reduce the risk of infection transmission amongst operational staff, the fitness programme was extended to allow greater time between visits to each site and watch, which impacted on the number of assessments that could be completed. Current target performance is 66%. In addition, recruitment difficulties in OH will impact future testing in the short term. Therefore, the measure proposed has been reduced to 85% to reflect the (likely) ongoing impact of Covid and the time it will take to recruit an OH resource to perform the assessments in 2022/23

Percentage of operational personnel achieving a pass category in their annual fitness test	Annually	2020/21 - 92% 2019/20 - 100% 2018/19 - 99% 2017/18 - n/a 2016/17 - 97% 2015/16 - 95%	96%	96%	Given that we have not concluded the 2021/2022 annual fitness assessments at the time of writing the proposed measure because of the delays caused by Covid and the recruitment challenges in the department it is proposed that the measure of 96% is carried forward in 2022/2023
Percentage of medicals completed	Annually	2020/21 - 0.0% 2019/20 - 84%	85%	50%	As a result of the continued Covid-19 restrictions and Government guidance, all non-emergency medical appointments have continued to be conducted remotely in 2021/202. This includes the 3 yearly health surveillance programme. In order to catch up with the backlog of health surveillance caused by restrictions, the Service is currently planning a pilot for delivery of the 3 yearly health surveillance medical on station. If this proves successful then the programme will be rolled out across stations. Given the uncertainties it is recommended that the target be reduced to 50%.

ORGANISATIONAL DEVELOPMENT

Performance Indicator	Frequency of Reporting	BFRS Historical Performance	BFRS Target 2021/22	BFRS Target 2022/23	Target setting Rationale
T1 Percentage of station based operational BA wearers that have attended a Tactical Firefighting assessment within the last 2 years	Quarterly	2020/21 - 97% 2019/20 - 97% 2018/19 - 99%1 2017/18 - 99% 2016/17 - 98% 2015/16 - 98%	98%	98%	Measures T1 - T5 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 2022/23 The definition of the measure has changed slightly due to the changes in the provision of the BA refresher course to a tactical firefighting course (replace BA Refresher, tactical ventilation refresher and fire behavior refresher) Target of 98% will not change

T2 Percentage of qualified LGV drivers that have attended a refresher course within the last 3 years	Quarterly	2020/21 - 94% 2019/20 - 95% 2018/19 - 100%1 2017/18 - 100% 2016/17 - 98% 2015/16 - 99%	98%	98%	As T1 above
T3 Percentage of station based operational staff that have attended a Water Rescue revalidation course within the last 3 years	Quarterly	2020/21 - 91% 2019/20 - 97% 2018/19 - 100%1 2017/18 - 98% 2016/17 - 98% 2015/16 - 99%	98%	98%	As T1 above
T4 Percentage of watches/sections at BFRS stations that have at least 60% of operational personnel qualified in Trauma Care or equivalent	Quarterly	2020/21 - 81% 2019/20 - 84% 2018/19 - 100% 2017/18 - 92% 2016/17 - 91% 2015/16 - 99%	98%	98%	As T1 above Note: new for 2022/2023 is the addition of the “or equivalent” as individuals providing Emergency Medical Care / Corresponding etc. May hold a higher qualification than the LIVES course
T5 Percentage of station based operational staff that have attended a Working at Height or Rope Rescue Revalidation assessment within the last 3 years	Quarterly	2020/21 - 85% 2019/20 - 94% 2018/19 - 100%[1] 2017/18 - 97% 2016/17 - 98% 2015/16 - 92%	98%	**98%**	As T1 above

T6 Percentage of Level 1 Incident Commanders that have attended an Incident Command Assessment within the required frequency for their role.	Quarterly	New Measure – no historical data	98%	98%	This is a new measure to align with the requirements of National Operational Guidance the number of level 1 commanders is a recommended new measure
T7 Percentage of Flexible Duty Officers that have attended an Incident Command Assessment within the required frequency for their role	Quarterly	2020/21 - 100% 2019/20 - 96% 2018/19 - 96%1 2017/18 - 100% 2016/17 - 100% 2015/16 - 92%	98%	98%	T7 covers FDS 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 2022/2023. 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.
T8a- Percentage of workplace training completed by Wholetime Operational Personnel via PDR Pro within the last 12 months.	Quarterly	2020/21 - 95% 2019/20 - 92% 2018/19 - 93%1 2017/18 - 95% 2016/17 - 95% 2015/16 - 95%	92%	92%	T8 (a-e) covers e-learning completion and operational maintenance training 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 2022/2023
T8b- Percentage of workplace training completed by On call Operational Personnel via PDR Pro within the last 12 months.	Quarterly	2020/21 - 88% 2019/20 - 86% 2018/19 - 88%1 2017/18 - 90% 2016/17 - 89% 2015/16 - 90%	90%	90%	As T8a above
T8c- Percentage of workplace training completed by Control Personnel via PDR Pro within the last 12 months.	Quarterly	2020/21 - 92% 2019/20 - 91% 2018/19 - 92%1 2017/18 - 93% 2016/17 - 93% 2015/16 - 81%	90%	90%	As T8a above
T8d- Percentage of workplace training completed by Senior Management roles (SM to SOC) via PDR Pro within the last 12 months.	Quarterly	2020/21 - 90% 2019/20 - 92% 2018/19 - 93%	92%	92%	As T8a above
T8e- Percentage of workplace training completed by Wholetime Day Duty WM's via PDR Pro within the last 12 months.	Quarterly	2020/21 - 94% 2019/20 - 86%	92%	92%	As T8a above

HEALTH &SAFETY

Performance Indicator	Frequency of Reporting	BFRS Historical Performance	BFRS Target 2021/22	BFRS Target 2022/23	Target setting Rationale
Number of serious accidents where the individual is off sick for more than 28 days (per 1000 employees)	Quarterly	2020/21 - 3.74 2019/20 - 7.59 2018/19 - 3.76 2017/18 - 1.96 2016/17 - 0.00 2015/16 - 1.94	3.78	3.78	5 year average 2016-21 is 3.79. 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.
Number of working days/shifts lost to accidents per 1000 employees (excluding On-Call employees)	Quarterly	2020/21 - 376.4 2019/20 - 833.67 2018/19 - 273.73 2017/18 - 243.93 2016/17 - 131.57 2015/16 - 436.01	291.15	291.15	5 year average 2016-21 is 392.02. 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 On-Call employees.	Quarterly	2020/21 - 4867.46 2019/20 - 1918.49 2018/19 - 382.27 2017/18 - 69.46	703.62	703.62	5-year average 2016-21 is 2265.86 Target has been set to remain at 703.62 which was the target for the previous reporting period. Note - The very high figures for 2016/17, 2019/20 and 2020/21

		2016/17 - 4091.61 2015/16 - 2703.69			create a high 5-year average and would therefore increase the target significantly. Cover periods continue to be calculated in hours using the Gartan availability system.

5. Utilising Performance

FLEET					
Performance Indicator	**Frequency of Reporting**	**BFRS Historical Performance**	**BFRS Target 2021/22**	**BFRS Target 2022/23**	**Target setting Rationale**
Grade A Defect Response Time (within 1 hour)	Quarterly	2020/21 - 97.73% 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 - 100% 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 - 1.37% 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 - 2.30% 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 - 0.22% 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, RTC equipment upgrade and BA replacement may 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 - 0.82% 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 - 98.52% 2019/20 - 97.71% 2018/19 - 97.24% 2017/18 - 97.67% 2016/17 - 98% 2015/16 - 98%	93%	93%	As above

Annual vehicle services undertaken	Quarterly	2020/21 - 100% 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. New Fleet management system will be reviewed to ascertain if additional measures can be recorded in relation to the servicing for the EEAST Ambulances.

6. Maximising Performance

FINANCE						
	Performance Indicator	Frequency of Reporting	BFRS Historical Performance	BFRS Target 2021/22	BFRS Target 2022/23	Target setting Rationale
Cost in pounds per 1,000 of population. Performance Indicator to be used for information only		Annually	2020/21 - £46.02 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 2020/21 - 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		Quarterly	2020/21 - 100% 2019/20 - 100%	90%	90%	Value for Money Indicator P12Out of 12 budget manager

working days of period-end closure		2018/19 - 100% 2017/18 - 100% 2016/17 - 100% 2015/16 - 100%			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 - 100% 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 - 91.02% 2019/20 - 95.14% 2018/19 - 96.06% 2017/18 - 95.17% 2016/17 - 96% 2015/16 - 96%	96%	96%	Best Value Performance Indicator Target 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 - 4.09% 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 2021/22 target.

Percentage of annual planned efficiency savings achieved by year end	Annually	2020/21 - 100% 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 2022/23
Return on treasury investment	Annually	2020/21 - 0.70% 2019/20 - 1.13% 2018/19 - 0.94% 2017/18 - 0.73% 2016/17 - 0.86% 2015/16 - 0.84%	0.9%	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 2022/23

INFORMATION AND COMMUNICATION TECHNOLOGY					
Performance Indicator	**Frequency of Reporting**	**BFRS Historical Performance**	**BFRS Target 2021/22**	**BFRS Target 2022/23**	**Target setting Rationale**
The Number of Incidents on Mission Critical services resolved within 1 Hour	Quarterly	2020/21 - 100% 2019/20 - 100% 2018/19 - 100% 2017/18 - 96% 2016/17 - 92% 2015/16 - 100%	95%	96%	Mission Critical systems take priority for ICT Resources. Target has been increased to reflect the stability of the recent ICT hardware improvements and ICCS/Mobs going 100% cloud.
The Number of Incidents on Business Critical services resolved within 2 Hours	Quarterly	2020/21 - 100% 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 2022/23 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 Operations services resolved within 4 Hours	Quarterly	2020/21 - 98.75% 2019/20 - 90% 2018/19 - 98% 2017/18 - 98%	95%	97%	Target based on Services SLA. Performance has exceeded target since 2014/15. The 2022/23 target acknowledges that resources may be diverted to Mission Critical

		2016/17 - 100% 2015/16 - 100%			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 resolved within 8 Hour	Quarterly	2020/21 - 91.29% 2019/20 - 100% 2018/19 - 98% 2017/18 - 93% 2016/17 - 93% 2015/16 - 94%	93%	93%	Target based on Services SLA. The highest proportion of incidents fall into this category. The anticipated draw on resources to support priority projects again throughout 2022/23 is expected to reflect in the performance outcome for these lower category incidents therefore 93% is a challenging target.
Core ICT services availability	Quarterly	2020/21 - 100% 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	Quarterly	2020/21 - 100% 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%

User Satisfaction Survey	Annually	2020/21 - 83.28% 2019/20 - 100% 2016/17 - 92%	98%	98%	Target meets the agreement for levels of Service from ICT Catalogue of Services. Core ICT availability median 98%

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For Publication

Bedfordshire Fire and Rescue Authority
24 March 2022

REPORT AUTHORS: **STEVE FRANK, HEAD OF STRATEGIC SUPPORT AND ASSURANCE**

SUBJECT: **LEVELLING UP THE UNITED KINGDOM WHITE PAPER**

For further information Contact the report's editor: Thomas Warner, Service Improvement Manager
Tel No: 07768 560479

Background Papers: www.gov.uk/levelling-up-the-united-kingdom

PURPOSE:

This report summarises the HM Government Levelling Up the United Kingdom White paper and identifies potential impacts on Bedfordshire Fire and Rescue Service.

RECOMMENDATIONS FOR MEMBERS:

To consider the paper and the implications for Bedfordshire Fire and Rescue Service.

1. Summary

1.1 The Levelling Up the United Kingdom White Paper provides a number of opportunities for Bedfordshire Fire and Rescue Service including:

- Further **empowerment** to local communities and local government;
- Stronger focus on **community resilience**. The government plans to pilot a set of Community Covenant approaches. These would be agreements between councils, public bodies and the communities they serve, seeking to harness the energy, know-how and assets of local communities. They would also set out how local social capital and infrastructure can be built and sustained to encourage confident and active communities.
- Enabling different Governance models of Fire and Rescue Services including directly elected Mayors will be consulted on in the Fire Reform White Paper. This includes the potential for elections for a Mayor of Bedfordshire if all three councils agree to this due to population requirements;
- A national emphasis on data quality and a potential need for checks on third party and national data sets;
- Planned improvements to the housing stock by 2030 may lower the BFRS risk profile with better housing reducing some types of accidental dwelling fires;
- Improvements to broadband, 4G and 5G coverage which will help to enable remote and new ways of working;

1.2 And capacity challenges including:

- Expansion of Economic wellbeing duties for public services such as BFRS including more stringent fire protection requirements for significant 'economic assets such as London Luton Airport, Network Rail, Amazon, Lockheed Martin and Cranfield Science Park;
- Joint Estates Opportunities and risks including sharing health service premises;
- Encouragement of expansion of BFRS cadets' programmes;

2 Background

2.1 The United Kingdom displays large regional differences in economic prosperity compared to most other Organisation for Economic Co-operation and Development (OECD) countries, with a large gap between London, and most other regions in both absolute and relative terms contributing to substantial differences in living standards. The white paper sets out Her Majesty's Governments plans to address these spatial differences and 'level up the country.' The paper defines levelling up as *'giving everyone the* *opportunity to flourish. It means people everywhere living longer and more fulfilling lives and benefitting from sustained rises in living standards.'*

2.2 The framework for levelling up is based on six 'capitals':

- Physical capital – infrastructure, machines and housing
- Human capital – the skills, health and experience of the workforce
- Intangible capital – innovation, ideas and patents
- Financial capital – resources supporting the financing of companies
- Social capital – the strength of communities, relationships and trust
- Institutional capital – local leadership, capacity and capability.

2.3 The report states these six capitals are 'individually important, but their real significance comes in combination, when they act in a mutually reinforcing fashion as in Renaissance Italy or in the UK at the time of the Industrial Revolution. The six capitals are seen as inextricably linked as part of a complex, adaptive economic ecosystem. It is the interdependence among the capitals that generates the forces of agglomeration, as the strength in one capital cascades to the others in a cumulative, amplifying fashion.

2.4 To deliver Levelling Up the UK Government will adopt a new policy regime based on five mutually reinforcing pillars. These are:

- **The UK Government is setting clear and ambitious medium-term missions**
- **Central government decision-making will be fundamentally reoriented** – this includes greater transparency around the geographical allocation of funding and simplification of growth funding. They will also move 22,00 Civil Service jobs out of London by 2030
- **The UK Government will empower decision makers in local areas** – this includes providing leaders and businesses the tools they need.
- **The UK Government will transform its approach to data and evaluation** – this includes improving subnational data to improve transparency and accountability to the public, making available interactive tools and maps to facilitate this. They will also encourage innovative uses of real-time data at the local level, giving leaders across the UK they information they need to deliver, experiment and evaluate swiftly and effectively.
- **The UK Government will create a new regime to oversee its levelling up missions** – this will be in the form of a Levelling Up Advisory Council. Government will be required to produce an annual report on progress made against the levelling up missions.

2.5 The UK Government has set four levelling up missions which are split into a number of focus areas. The tables below detail these missions, their focus areas and any potential impacts or opportunities for BFRS:

Levelling up Mission	
Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging	
Focus Area	**Potential opportunities for and/ or potential impacts on BFRS**
Living standards	The goal is to increase pay, employment and productivity across every area of the UK by 2030. Growing the private sector is how this is intended to be achieved. As such, there are risks for BFRS that we cannot keep up with market rates of pay and that we may struggle to recruit and retain staff.
Research and Development (R&D)	By 2030, domestic public investment in R&D outside the Greater South East will increase by at least 40%, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.
Transport Infrastructure	Improved local public transport may help our staff switch to public transport rather than use their car to commute which will help reduce the carbon footprint of the service.
Digital Connectivity	Improvements to broadband, 4G and 5G coverage will help to enable remote and new ways of working.
Levelling up Mission	
Spread Opportunities and improve public services, especially in those places where they are weakest.	
Focus Area	**Potential opportunities for and/ or potential impacts on BFRS**
Education	Planned improvements in education should ultimately lead to better skilled applicants for entry level jobs.
Skills	The government plan is that by 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area. This will provide us with a better skilled workforce.
Health	The Government plans to narrow the gap in Healthy Life Expectancy. ‘Fire as a Health Asset’ to help achieve this could be a part of the Fire Reform White Paper
Well-being	The government plans to improve wellbeing in every area of the UK, with the gap between top performing and other areas closing. Targeted Safe and Well visits and other Prevention activity could be a valuable contribution towards this goal.

Levelling up Mission	
Restore a sense of community, local pride and belonging, especially in those places where they have been lost.	
Focus Area	**Potential opportunities for and/ or potential impacts on BFRS**
Pride in Place	Members of the public who feel local pride and belonging to their local community may be more interested in helping protect their community by becoming an on-call firefighter.
Housing	Planned improvements to the housing stock by 2030 may change the BFRS risk profile with better housing reducing some types of accidental dwelling fires.
Crime	The Government plans to reduce homicide, serious violence and neighbourhood crime by 2030. This may result in a greater emphasis on Blue Light collaboration to help ensure the Police have the required resources.
Levelling up Mission	
Empower local leaders and communities, especially in those places lacking local agency	
Focus Area	**Potential opportunities for and/ or potential impacts on BFRS**
Local Leadership	This will be discussed in detail later in the paper.

2.6 This paper will now consider the Levelling up the UK white paper in more detail. Looking at its opportunities and benefits to BFRS, its risks and challenges to BFRS and the potential opportunities for BFRS and the communities of Bedfordshire from devolution of powers from Westminster.

3 Levelling up – Opportunities and Benefits

3.1 <u>Better skilled workforce</u>

- The UK Government is making an investment £3.8bn in skills by 2024-25 and a Lifetime Skills Guarantee in England, enabling 11m adults to gain an A Level or equivalent qualification for free, as well as a new UK-wide adult numeracy programme. The creation of Local Skills Improvement Plans will allow local employers a say in technical training so that skills are aligned to local needs. It is reasonable to assume that BFRS will be included in this process.

- The UK Government will continue to encourage work-based training through apprenticeships in England, increasing funding to £2.7bn by 2024-25. This may create further apprenticeship opportunities for BFRS.
- Leadership and management skills in the public sector will be reformed. This will include the establishment of the Leadership College for Government which will open in April 2022. This new training infrastructure will also be made available to local

government executives, in particular local authority chief executives and senior officers. This will provide new training and development opportunities for BFRS leaders and aspiring leaders.

3.2 Joint Estates Opportunities

- The government plans to establish at least 100 Community Diagnostic Centres in England by 2025 to improve access to health diagnostic services. Dependent on local NHS need this could provide an opportunity for estates collaboration.

3.3 Community Covenant Approaches

- The government plans to pilot a set of Community Covenant approaches. These would be agreements between councils, public bodies and the communities they serve, seeking to harness the energy, know-how and assets of local communities. They would also set out how local social capital and infrastructure can be built and sustained to encourage confident and active communities. A Covenant approach would see local authorities and communities work together to take a holistic look at the health of local civic and community life, set out a driving ambition for their area, and share power and resources to achieve this.

- If trialled in Bedfordshire this could present BFRS with opportunities for more effective community engagement and new partnership and collaboration work to meet the needs of our local communities.

3.4 Decent Homes Standard

- A White paper will be published in the spring that will introduce a legally binding Decent Homes Standard in the Private Rented Sector. This could have a positive impact on our risk profile by reducing the risk of some types of accidental dwelling fires.

- The paper makes specific reference to Luton as a pocket of overcrowding in housing whilst also explaining that there is substantial disparities by ethnicity. '2% of white British households were in overcrowded households in 2019, compared to 24% and 18% for those from Bangladeshi and Pakistani backgrounds, respectively.' This national spotlight on Luton should assist our local partners in addressing issues within Luton and our local Bangladeshi and Pakistani communities, to improve the housing stock and reduce overcrowding, thus reducing their fire risk.

3.5 Institutional capital and leadership

- The White Paper explores research into the role that institutions can play in economic development. The paper states that 'effective institutions, formal and informal, are crucial in explaining why some places succeed. Strikingly, weak institutions are often the single most important reason why places fail.' It also states that 'local institutions play an important role in shaping economic and social outcomes.' This affords BFRS an opportunity to consider its wider role in Bedfordshire and what we can contribute through our institutional capital and leadership.

3.6 Cadets

- The White Paper recognises the benefits to young people of Military and none military Uniformed Youth Groups and plans to support these groups. However, Fire Cadets are not specifically mentioned, it is possible this may feature in the Fire Reform White Paper.

4 Opportunities for the Service to influence Levelling Up in Bedfordshire

4.1 The UK Government will put in place a comprehensive process of engagement and informal consultation to inform levelling up delivery and future policy-making. This will include setting up local panels, drawn from a wide range of stakeholders, to serve as a sounding board on levelling up delivery and implementation. It is reasonable to assume that local fire and rescue services will be included in this process although this is not explicitly stated.

5 Levelling up – Risks and Challenges

5.1 Potential Changes to Fire Safety Legislation

- The government intends to develop 'a more flexible and better regulatory model for business outside the EU.' Whilst the Regulatory Reform (Fire Safety) Order is not specifically mentioned this could be an area that is reviewed and there may be more information in the Fire Reform White Paper. Any changes are likely to have significant implications on training, policy and ways of working.

5.2 Changes to Procurement

- The UK Government will also hardwire levelling up objectives into its decision making through reforms to the way the public sector procures goods and services. Outside the EU, and under new rules, public sector buyers are being encouraged to give more weight to bids that create jobs for communities, build back better from the pandemic and support the transition to Net Zero. These “social value” factors mean that buyers will not consider price alone, but look at how public sector contracts can support local communities and disadvantaged groups.
- The UK Government will legislate to reinforce the message that public procurement should take account of these wider benefits and place a duty on all contracting authorities to have regard to national and local priorities, including creating new jobs and skills, encouraging supply chain innovation and supporting strong, integrated communities. The new measures will make it easier for small businesses and social enterprises across the country to bid for and win public contracts.
- Placing less weight on cost in the procurement process may result in BFRS paying more for some good and services than it would have done under the previous rules. Any changes to procurement rules are likely to result in training needs and require changes to internal policy and processes. However, it should be noted that the White Paper states that the UK Government will aid procurement by extending ‘centrally designed training, advice and guidance, and market and supplier intelligence to the sector.’

5.3 Rising Wages and growth of the Private Sector

- The UK Government will continue to increase the National Living Wage by 6.6% to £9.50 an hour for workers aged 23+ from 1st April 2022, followed by further increases in 2023 and 2024. This may encourage wage rises from the bottom up and increase costs for the Service that may not be met by funding increases.

5.4 Increase in Data Requests

- The importance of good quality subnational data sets is refenced throughout the paper. In the paper the UK Government States that:
- ‘*Across the local government sector, we will strengthen transparency for local people and publish rigorous, comparable data on performance. A new independent body will be set up to drive this, empowering citizens, strengthening local leaders’ knowledge of their services, and increasing central government’s understanding of the sector*.’
- They also state that ‘good data, monitoring and evaluation is a key enabler of successful spatial policy.’
- The UK Government will put in place a transformative data and analysis strategy at the subnational level and establish a new Spatial Data Unit that will support the delivery of levelling up by transforming the way the UK Government gathers, stores and

manipulates subnational data so that it underpins transparent and open policy making, and delivery decisions. The UK Government will also invest in spatial modelling techniques to help local government in their planning.

- This is likely to result in increased requests for data from the new independent body, the Home Office and HMICFRS. As such, the Service will need to ensure that it has adequate resourcing in place to facilitate these requests and ensure that the data is sufficiently accurate.
- Economic Growth Theory is a key element of the Levelling Up White Paper. This gives prominence to the role of productivity as a driver of economic growth over the longer run. As such, it is likely that BFRS will increasingly need to be able to understand, monitor and evaluate its levels of productivity.

5.5 Home Office Changes

- Government departments have been tasked with producing updated Outcome Delivery Plans aligned with Levelling Up. The plans will be published in Spring 2022 and departments will be expected to set out how their policies will contribute towards levelling up outcomes. As such we may see some policy change from the Home Officer which could impact the Service.

5.6 Funding Changes

- The paper states that the 'UK Government will further review its formula-based spending, to ensure it is targeted where most needed.' The government will ensure that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years, with some dating back as far as 2000. Over the coming months, the UK Government will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the local government sector before consulting on any potential changes. As part of this, the UK Government will look at options to support local authorities through transitional protection. One-of grant funding provided in the Local Government Finance Settlement in 2022-23 will be excluded from potential transitional protections
- There is a risk that this could result in a small funding settlement from central government for the Service.

6 Levelling up – Opportunities of Devolution

6.1 The UK has become one of the most centralised countries in the OECD. The paper states that whilst mayoral devolution is still in its infancy there is 'early indications of its effectiveness. Mayors have already played a key role as ambassadors for their area, attracting inward investment, and using HMG funding to establish city-wide transit infrastructure and trailing new civic policy innovations.' The UK Government model of devolution is one with a directly-elected leader covering a well-defined economic geography with a clear and direct mandate, strong accountability and the convening power to make change happen. Additionally, where boundaries align the government will look to have combined authority mayors lead on public safety taking on the PCC role. Governance of Fire Services by directly elected Mayors will be consulted on in the fire reform White Paper.

6.2 The devolution framework is underpinned by four principles of Effective leadership, Sensible geography, Flexibility, Appropriate accountability. To ensure decisions are taken over a strategic geography, for any tear of devolution, the council or group of councils seeking devolution must have a combined population of at least 500,000 as well being a geography that is locally recognisable in terms of identity, place and community. On this basis the only way that the benefits of devolution can be realised for any part of Bedfordshire is for the existing three unitary authorities to work together. Around 40% of the population of England's population are already covered by a devolution deal. Including our neighbouring area of Cambridgeshire and Peterborough. If Bedfordshire were not to adopt devolution there is a risk that Bedfordshire is left behind as our neighbours succeed at levelling up. This would ultimately make Bedfordshire a less attractive place to live and work which could make attracting and retaining talent an increased challenge for the Service.

STEVE FRANK
HEAD OF STRATEGIC SUPPORT AND ASSURANCE

For information

Bedfordshire Fire and Rescue Authority meeting
24 March 2022

REPORT AUTHOR:	**DEPUTY CHIEF FIRE OFFICER**
SUBJECT:	**COLLABORATION UPDATE**
For further information on this Report contact:	Chris Bigland DCFO Tel: 01234 845000
Background Papers:	None

PURPOSE: Portfolio leads update (Response)

RECOMMENDATION: **For Information only**

1. <u>Introduction</u>

1.1 This paper aims to provide Members with an update on key activities that Bedfordshire Fire and Rescue Service (BFRS) is engaged in to deliver our Community Risk Management Plan actions for 2019-23 through developing our collaborations.

2. <u>Background</u>

2.1 The Authority is committed to effective collaboration to ensure the service provides both value for money and outstanding service delivery.

2.2 Our collaboration work spans all areas of the service, and our officers are working with partners to ensure that we reach our full potential of being both efficient and effective in meeting the needs of our communities.

2.3 Bedfordshire Fire and Rescue Service (BFRS) has engaged in collaboration through both local station based and functional activity as well as our Blue Light Collaboration Strategic Board. Recent events such as covid and new appointments to senior roles has meant we have had to divert some of our attention to other priorities so this group has not formally met for several months. However, the next meeting is now being arranged.

2.4 This paper provides a highlights of some of the key activities currently underway whilst the service re-establishes our formal structures for collaboration.

3. Response

3.1 The service is part of a fire and rescue service regional programme board, a key aim of which is the full adoption of National Operational Guidance. This work will see the service embed new policies, equipment notes, training packs and ops assurance tools to underpin our safe systems of work and our effectiveness as a service when working with neighbouring services.

3.2 This is a significant piece of work that spans most areas of the service but the investment of time now will mean BFRS's interoperability will improve, and the number of policies and equipment notes we will need to create as a single service will reduce. In addition, our development pathways for new starters will become slicker as we more towards the firefighter apprenticeship as we adopt the national product packs.

3.3 The Service has been at the forefront of working with the East of England Ambulance Service Trust (EEAST) so it will not be a suprise to Members that our officers are leading the way to deliver a regional Memorandum of Understanding (MoU) to simplify the relationship between fire and ambulance services. A common approach to supporting the ambulance service allows all regional fire and rescue services to respond to specific call types in areas where we can improve patient outcomes in rural communities.

3.4 In addition to this regional work BFRS are also supporting EEAST with tests and trials of electric vehicles. BFRS is helping EEAST gather data for both organisations about the potential for electric vehicles in emergency response, community safety and logistics activity.

3.5 Due to the national recognition of BFRS activity, the service have received a number of visits from other FRS, the most recent of which was Kent FRS, to understand how we manage and deliver responses to medical emergencies.

4 Resilience

4.1 BFRS continues to play a pivotal role in the management and leadership of the multi-agency COVID response. Officers, under the guidance of the Chief Fire Officer in his role as the Chair of the Bedfordshire Local Resilience Forum (BLRF) , has led the Strategic Cordination Group, playing an active role in the Tactical Coordination Group and the many support cells that feed into the Pan-Bedfordshire command structure.

4.2 As we now move back towards Recovery our ACFO will chair the BLRF Recovery Group and also the internal Recovery and Adaptation Group as we collective move towards 'living with covid'.

5. Prevention

5.1 The service continues to support many partnerships, but a recent additional collaboration has seen the service attracting funding from the Bedfordshire Police and Crime Commissioner to deliver a new road safety initiative using virtual reality (VR) on a vehicle. The service will be delivered later in the year, subject to securing the vehicle from manufacturers and allows several scenarios to be explored from the safety of the VR goggles.

6. Training

6.1 The service is fully committed to delivering training collaborations with local partners and neighbouring fire and rescue services. This includes collaborative approaches to:

1. Driver training;
2. Breathing apparatus live fire training;
3. Specialist response;
4. Incident Command;
5. Exercising;
6. National Inter-agency Liaison Officer (NILO); and
7. Joint Emergency Service Interoperability Programme (JESIP).

6.2 The training centre are also in collaboration with Hertfordshire Fire and Rescue Service in the delivery of our new apprenticeships for new firefighter. This work links to our service commitment to embedding National Operational Guidance and will be reported through our performance reports in terms of competent staff at every level.

7. Strategy

7.1 The FRA has previously approved the 5 key principles that will form the basis of a Bedfordshire Tri-Service Estates Strategy covering Fire, Ambulance and Police. These have been incorporated into an initial draft strategy document which is currently being reviewed by the relevant officers from the East of England Ambulance Trust and the Bedfordshire Police and Crime Commissioner’s office. Once their feedback has been received, a final draft strategy will be presented to the FRA and the appropriate police and ambulance governance forums. Although temporarily paused due to capacity issues, work has now resumed on completing the outline business case for a joint workshop. This too, will be provided to the FRA in due course.

8. Next steps

8.1 As the service moves to normality following the most recent covid surge our attentions, and resources, will turn back towards re-establishing the collaboration board and seeking to increase pace around the strategic collaborations discussed pre-pandemic.

CHRIS BIGLAND
DEPUTY CHIEF FIRE OFFICER

For Publication

Bedfordshire Fire and Rescue Authority
24 March 2022

REPORT AUTHOR: **CHIEF FIRE OFFICER**

SUBJECT: **WORK PROGRAMME 2021/22**

For further information on this report contact: Nicky Upton, Service Assurance Manager

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Background Papers: None

PURPOSE:

To review and report on the work programme for 2021/22 and to provide Members with an opportunity to request additional reports for the Fire Authority meetings.

RECOMMENDATION:

That Members consider the work programme for 2021/22 and note the 'cyclical' Agenda Items for each meeting in 2021/22 and going forwards into 2022/23.

ANDREW HOPKINSON
CHIEF FIRE OFFICER

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
EXECUTIVE	**Item**	**Notes**	**Item**	**Notes**
20 April 2022	Work Programme			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	**Notes**	**Item**	**Notes**
28 April 2022	Communications			
	Executive Committee Minutes from 20.04.22 (provisional mtg)			
	ASC Minutes from 03.03.22			
	Programme Board Update			
	Fire Prevention Statistics - National Benchmarking Analysis (Annual)			
	Asset Management Strategy (reviewed every 3 years, next review 2022/23)			
	Disposal of Assets under the Scheme of Delegated Authority			
	Portfolio Leads Updates			
	Information Bulletin (Q4 Jan – March)			
	Work Programme			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	**Notes**	**Item**	**Notes**
7 June 2022 **AGM**	Membership			
	Election of Chair 2022/23			
	Election of Vice Chair 2022/23			
	Communications			
	Executive Committee Minutes from xx.xx.xx			
	Authorisation of Members to Report to the Constituent Councils on Meetings of the FRA			
	Appointment of Committees			
	Representation on Local Government Associations (LGA) Matters			
	Annual Review of the FRA Handbook	Highlighted as part of the Governance Audit 2021.		
	Portfolio Leads Updates			
	Member Development			
	Work Programme			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
EXECUTIVE	**Item**	**Notes**	**Item**	**Notes**
22 June 2022 Following AGM	Appointment of Portfolio Holders			
	Work Programme			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
MEMBER DEVELOPMENT (1)	**Item**	**Notes**	**Item**	**Notes**
7 July 2022				

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	**Notes**	**Item**	**Notes**
20 July 2022	Communications			
	Annual Overarching 2021/22 Performance Report			
	Revenue Budget and Capital Programme Monitoring Report			
	Portfolio Leads Updates			
	Treasury Management Annual Report			
	Work Programme			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
EXECUTIVE	**Item**	**Notes**	**Item**	**Notes**
8 Sept 2022	Work Programme			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	**Notes**	**Item**	**Notes**
14 Sept 2022	Communications			
	ASC Minutes from 14.07.22			
	Executive Committee Minutes from 08.09.22			
	Q1 2022/23 Performance Report (April to June)			
	Planning report for the 2022/23 Revenue Budget, Capital Programme and Council Tax Setting			
	Annual Report			
	Fire Protection Statistics – National Benchmarking Comparison			
	Collaboration Update			
	Portfolio Leads Updates			
	Work Programme			
	Information Bulletin (Q1 Apr – June)			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
COMBINED MEMBER DEVELOPMENT (2) / BUDGET WORKSHOP (1)	**Item**	**Notes**	**Item**	**Notes**
6 October 2022				

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
EXECUTIVE	**Item**	**Notes**	**Item**	**Notes**
12 October 2022	Work Programme			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	**Notes**	**Item**	**Notes**
2 November 2022	Communications			
	Executive Committee Minutes from 12.10.22			
	ASC Minutes from 29.09.22			
	2022/23 Budget Monitoring			
	Mid-Year Treasury Update			
	Programme Board Update			
	Collaboration Update			
	Portfolio Leads Update: Workforce & OD/Digital & Data			
	Procurement Policy and Contract Procedures (Reviewed every 2 years, due 2023)			
	Work Programme			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
MEMBER DEVELOPMENT (3)	**Item**	**Notes**	**Item**	**Notes**
22 November 2022				

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
EXECUTIVE	**Item**	**Notes**	**Item**	**Notes**
1 December 2022	Work Programme			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	**Notes**	**Item**	**Notes**
14 December 2022	Communications			
	Executive Committee Minutes from 01.12.22			
	Portfolio Leads Updates: Assets and Collaboration (DCFO & ACO)			
	2022/23 Revenue Budget and Capital Programme Monitoring			
	Q2 2022/23 Performance Report (July to September)			
	Public Sector Equality Duty Report			
	Community Risk Management Plan – draft 2023/24 Annual Action Plan			
	2023/24 Budget Update and Consultation			
	Members' Allowances Scheme			
	Calendar of Meetings for 2023/24			
	Information Bulletin (Q2 July – Sept)			
	Fire Response Statistics – National Benchmarking Comparison			
	Work Programme			

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

Agenda Item 16

Document is Restricted

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