



26 January 2016

(1) MEMBERS OF THE AVON FIRE AUTHORITY

Councillors Abraham, Barber, Barrett (C), Barrett (N), Bolton, Butters, Cranney, Davies(C), Davies (D), Davis, Drew, Garner, Hale, Hoyt, Jackson, Lovell, Payne, Phipps, Pomfret, Scott, Shelford, Smith, Williams, Wilton and Windows.

(2) APPROPRIATE OFFICERS

(3) PRESS AND PUBLIC

Dear Member

You are invited to attend the Avon Fire Authority meeting being held **on Friday 5 February 2016** commencing at **2.00pm**. The meeting will be held in the main conference room, Avon & Somerset Constabulary HQ, Valley Road, Portishead. BS20 8QJ.

Please report to reception upon arrival at Headquarters.

The Agenda is set out overleaf.

Yours sincerely

Guy Goodman
Clerk to the Fire Authority

PROVIDING AVON FIRE & RESCUE SERVICE



Clerk to Avon Fire Authority
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Working in partnership with the Gambia Fire & Rescue Service (GF&RS)

NOTES

Inspection of Papers: Any person wishing to inspect Minutes, reports, or a list of the background papers relating to any item on this Agenda should contact Lynette White, who is available by telephoning 0117 926 2061 ext. 233 or by visiting Avon Fire & Rescue Headquarters, Temple Back, Bristol (during normal office hours).

Attendance Register: Members should sign the Register which will be circulated at the meeting.

The appended supporting documents are identified by agenda item number.

Emergency Evacuation Procedure:

- The fire alarm or notification of any other threat is a continuous siren.
- In such cases Members must leave the building by the nearest exit.
- In the event of explosion or smoke where controlled evacuation is not possible, Members must follow fire exit signs.
- The Assembly Point A is situated in the Visitors Car Park – follow the Green Fire Exit signs.

Code of Conduct – Declaration of Interests

Any Member in attendance who has a personal interest in any matter to be considered at this meeting must disclose the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent. A member having a prejudicial interest must withdraw from the meeting room whilst the matter is considered.

Exempt items

Members are reminded that any Exempt reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Clerk at the conclusion of the meeting for disposal.

A G E N D A

- 1 APOLOGIES FOR ABSENCE** (Members are reminded there is no power to appoint substitutes on Avon Fire Authority)
- 2 EMERGENCY EVACUATION PROCEDURES** – The Chairman will draw attention to the emergency evacuation procedures as set out in Note 3 appearing on page 2 of this release.
- 3 DECLARATION OF INTERESTS** - The Chairman will draw attention to the requirements of the Code of Conduct as set out in note 4 appearing on page 2 of this release.
- 4 CHAIRMAN’S BUSINESS**
- 5 MINUTES OF AVON FIRE AUTHORITY HELD ON 18 DECEMBER 2015**
- 6 PUBLIC ACCESS (Time Limit – 30 minutes)**

Under Standing Order 21 and providing 2 clear working days-notice has been given to the Clerk, any resident of Bristol, South Gloucestershire, Bath and North East Somerset or North Somerset Council may address the Avon Fire Authority (for no more than 5 minutes) to present a petition, make a statement, or as leader of a deputation.
- 7 CORRESPONDENCE (Verbal Update)**
- 8 MINUTES OF THE AVON FIRE AUTHORITY SPECIAL PURPOSES COMMITTEE, for noting**
- 9 REVENUE BUDGET 2016-17 AND MEDIUM TERM FINANCIAL PLAN**
- 10 HEADQUARTERS RELOCATION**
- 11 ANNUAL REVIEW OF THE REMUNERATION OF THE CHIEF FIRE OFFICER/CHIEF EXECUTIVE**
- 12 EMERGENCY SERVICES MOBILE COMMUNICATIONS PROGRAMME (ESMCP)**
- 13 EXCLUSION OF PRESS AND PUBLIC** To resolve:

“That the public be excluded from the meeting during the following items of business on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public are present during these items there will be a disclosure to them of exempt information pursuant to Schedule 12a of the Local Government Act 1972 (as amended by the Local Authorities (Access to Information) (Exempt Information) (England) Order 2006).”
- 14 ACCESS TO THE NEW FIREFIGHTERS PENSION SCHEME 2006**

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AVON FIRE AUTHORITY

18 DECEMBER 2015

PRESENT: Councillors Abraham, Barber, Barrett (C), Barrett (N), Bolton, Butters, Cranney, Davies (C), Davies (D), Davis, Drew, Garner, Hale, Hoyt, Jackson, Lovell, Phipps, Pomfret, Scott, Shelford, Smith, and Windows.

46 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Payne, Williams and Wilton.

47 EMERGENCY EVACUATION PROCEDURES – The Chairman drew attention to the emergency evacuation procedures as set out in the Agenda.

48 DECLARATION OF INTERESTS – The Chairman drew attention to the requirements of the Code of Conduct as set out in the Agenda.

49 CHAIRMAN'S BUSINESS

The Chairman welcomed the Police & Crime Commissioner, Sue Mountstevens to the meeting.

50 MINUTES OF AVON FIRE AUTHORITY HELD ON 25 SEPTEMBER 2015

RESOLVED, that the minutes be approved as a true record and signed by the Chairman.

51 CORRESPONDENCE

The CFO circulated prior to the meeting the FBU challenge on their Firefighter pension Scheme and their legal claim submitted. Confirmation has been received that there will be no industrial action taken for 18 months in relation to the Pension Dispute.

52 MINUTES OF AVON FIRE AUTHORITY SPECIAL PURPOSES COMMITTEES HELD ON 25 SEPTEMBER 2015 and 3 DECEMBER 2015, for noting

RESOLVED, that the minutes be noted.

53 MINUTES OF AVON FIRE AUTHORITY APPOINTMENTS COMMITTEE HELD ON 5 AND 16 NOVEMBER 2015, for noting

The new Clerk will be commencing work with Avon Fire Authority in January 2016.

RESOLVED, that the minutes be noted.

54 CALENDAR OF MEETINGS 2016-17

Members' received a report seeking approval of meeting dates for 2016-17.

RESOLVED, that the report be approved.

55 MEMBERS ALLOWANCES 2016-17

Members considered options to adopt a revised Scheme of Allowances for 2016-17. The Chairman proposed that option 2 should be considered and sought a vote. Motion carried with one Councillor abstaining.

RESOLVED, that

- i) the report be noted and Option 2 be approved – increase in line with RPIX.
- ii) Members accepted the recommendations reference the SRA for the arrangement of Special Purposes Committee and Agenda Briefing attendance.

56 ESTABLISHMENTS LEVELS

Members received a verbal presentation on current and future operational establishment levels. The ridership factor today is 1.37, consisting of four watches of 111 personnel with a minimum wholtime crewing level today of 81 personnel per shift. The crewing of appliances has changed over the years to ensure that financial savings have been captured without impacting on the front line service. There have been reductions throughout the service and these are all monitored on a regular basis. The predicted degradation was outlined. The CFO reported that recruitment on the wholtime Firefighters has not been undertaken since 2009 and outlined the budgetary implications of recruitment.

Update was provided on some of the Retained Duty System personnel who have transferred into the wholtime duty service.

57 CAPITAL PROGRAMME & REVENUE MONITOR

The Treasurer drew attention to the report which provided Members with the second assessment of the forecast outturn position on the revenue and capital budgets, plus the prudential indicators and other financial issues. Key points of the budget monitor were highlighted together with the CIPFA statistics.

A Member raised a request for the Fire Authority to receive a presentation on the new Airwave system being procured. The CFO outlined that this was a nationally funded programme, with multiple lots being offered by the Home Office. Avon AFA receives a grant. The PCC reported that closer working on this system will be taking place.

RESOLVED, that

- i. Members noted the content of the report;

- ii. Members approved the revenue budget adjustments as set out in the report and contained in Appendix 5; and
- iii. Members approved the minor amendment to the 2015/16 capital budget as set out in the report.

58 2016-17 BUDGET STRATEGY & MEDIUM TERM FINANCIAL PLAN FOR 2016/17 to 2019/20

Members' considered a report from the Treasurer providing an update on the development of the 2016-17 Budget and the Medium Term Financial Plan (MTFP) for 2016-17 to 2019/20. The report provided a strategic overview of the context in which the budget options had been established. The key points were highlighted and outlined. An addendum was circulated by the Treasurer updating on the Provisional Grant Settlement which had been published by the Government on 17 December. The key changes were incorporated into the revised figures.

The Treasurer reported that the reductions in funding are front loaded into years 1 and 2 and stated that additional savings are required due to the front loading which are estimated to be £1m. The Chancellor announced that the referendum limit would be set at 2% for the CSR period. The options impact appraisal and revised savings targets were demonstrated in a table for the two options contained in the report for the next four years.

The projected figures do allow for a recruitment campaign to take place possibly in 2017-18. CFO reported that if the Council Tax was increased then the Treasurer would be able to utilise some of the reserves to fund a recruitment campaign during the next four years.

It was suggested that the Fire Authority should consider a 2% increase over the 4 year period rather than discussing this each year. This would assist with future planning. A motion was proposed, seconded and carried.

A Member queried whether the cost to undertake a referendum would be worth taking. The CFO reported that this would be in the region of £1m to do this plus the cost of re-marketing all the precepting leaflets. The CFO reported that lobbying was undertaken for a cash limit to be provided rather than a percentage, the government agreed that this was a good idea and allowed some authorities to increase this to £5 but Avon AFA was not included.

The PCC reported that it is her intention to put forward an increase of 1.99% for the year 2016-17. We do need to collaborate more quickly. Avon has space at HQ, on a cost recovery basis only, for the Fire Service to move into to enable closer working together. Members queried the long term investment of the HQ move to Portishead and analysis of the financial implications would be welcome. The Chairman and the Deputy Chief Officer reported that options would be brought to the next Fire Authority meeting.

RESOLVED, that

- i. Members approved the approach and the current assumptions being used to develop the 2016/17 budget. The budget options contained within the report and the financial issues were noted and Members agreed to its release for consultation;
- ii. Members noted the need to agree a budget after giving further consideration to the issues raised in the report, responses to consultation, result of representations and any further information that is forthcoming. Members would receive a further report that will be presented at the meeting on the 5th February 2016.
- iii. Members agreed to maintain the level of working balance at £1.5m (approximately 3% of the proposed 2016/17 budget) and to maintain the Austerity Reserve, estimated to be £2.0m, to facilitate changes necessary to balance forthcoming budgets. Members also noted the projected level of reserves contained within Appendix A;
- iv. Members noted the current position in terms of the development for the MTFP as set out in paragraph 41, the high level of savings target contained within it and the identified financial risks.
- v. The Fire Authority would increase the Council Tax precept by 2% per annum over the next 4 years.
- vi. The Treasurer to consult on the increase in the usual manner.

59 PERFORMANCE AND RISK MANAGEMENT UPDATE

Members' received a report updating on the ongoing work in relation to the performance and risk management of the Service. The CFO updated on the procurement contract run by the Government on external Auditors, of which there is no choice of providers. A Member queried the sickness figures shown in the report. The temporary Clerk reported that an updated report will be provided to Members at the next meeting.

RESOLVED, that Members' noted the content of the report.

60 STATEMENT OF ASSURANCE 2014-15

Members' received a report presenting the annual Statement of Assurance 2014-15.

RESOLVED, that

- i. Members' noted the content of the report;

- ii Members' noted the attached Statement of Assurance 2014/2015 as approved and signed by Elected Members sitting on the Fire Authority's Performance and Risk Management Forum (PRMF) at its meeting on Friday 6 November 2015;
- iii Members' noted the publication of the signed Statement of Assurance 2014/2015 on Avon Fire & Rescue Service's external website in accordance with the requirements of the Fire and Rescue National Framework for England.

61 SERVICE DELIVERY: RISK REDUCTION UPDATE

Members' considered an update on the current developments and initiatives taking place in relation to community safety, the educational programme with young people and the intervention programmes undertaken. Updates were provided on the various campaigns and events the Service has been involved with which linked to the National FireKills agenda. Updates were provided on the campaigns undertaken in the community.

A Member queried our Sprinkler Campaign and wondered whether there are sprinklers being fitted into any new buildings. The CFO stated that our policy is to recommend that sprinklers are fitted into all new builds. Current structures in service delivery are being reviewed. CFO sprinklers lobby running for a number of years, reluctance on part of Government and previous government to change the building regulations legislation. Will be considered again when the building regulations are next reviewed.

Members raised concerns about letting agencies /landlords breaching licencing conditions for Homes in Multiple Occupations (HMO). ACFO Davis was asked to progress the issues raised. HMO increased parking, concern for emergency vehicles getting through, no ventilation systems in the building. Query over hydrants not being provided on new housing estates. A Member queried whether we should be lobbying MPs re HMOs. It was agreed that a campaign should be undertaken to lobby Unitary Authorities on planning regulations of HMOs and sprinklers.

The CFO updated on items that are currently being recalled due to being fire hazards.

RESOLVED that

- i) the report be noted.
- ii) Members' endorsed and supported the work in the risk reduction unit which is contribution to the achievement of the Community Risk Reduction Strategy
- iii) Corporate Communications to consider Sprinkler Campaign
- iv) ACFO Davis to consider planning enforcement with Unitary Authorities.

62 FIRES AND OTHER INCIDENTS

Members' received a report outlining the significant incidents of note occurring during September and October 2015. The report also summarised the proactive work

undertaken during these months. A Member suggested that a different format could be considered for incident reports.

An Elected Member outlined a recent incident that occurred near his home whereby a 102 year-old had to be rescued following a house fire. He praised the crews who had attended.

A query was raised about a programme currently underway in Bath whereby they are removing kerbs and concerns were raised about this. The CFO stated that he was unaware of this and reported that we are consulted on traffic calming measures.

RESOLVED, that the report be noted.

63 EXCLUSION OF PRESS AND PUBLIC

“That the public be excluded from the meeting during the following items of business on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public are present during these items there will be a disclosure to them of exempt information pursuant to Schedule 12a of the Local Government Act 1972 (as amended by the Local Authorities (Access to Information) (Exempt Information) (England) Order 2006).”

64 CONFIDENTIAL BRIEFING TO MEMBERS ON 9 NOVEMBER 2015

Members noted the report submitted. The Clerk also reported that B&NES Council would be taking no further action.

The meeting closed at 16:22 hrs.

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Chairman

15 JANUARY 2016

PRESENT: Councillors Abraham, Davies (D), Drew and Jackson

1. APOLOGIES FOR ABSENCE

None.

2. EMERGENCY EVACUATION PROCEDURES

The Chairman drew attention to the Emergency Evacuation Procedure as set out in the Agenda.

3. DECLARATION OF INTERESTS

The Chairman drew attention to the requirements of the Code of Conduct as set out in the Agenda.

4. MINUTES OF SPECIAL PURPOSES COMMITTEE HELD 3 DECEMBER 2015

RESOLVED, that the minutes be approved as a correct record and signed by the Chairman.

5. PUBLIC ACCESS

None.

6. EXCLUSION OF PRESS AND PUBLIC

The public and press were excluded from the meeting during the following items of business on the grounds that it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would have been a disclosure to them of exempt information pursuant to Schedule 12a of the Local Government Act 1972 (as amended by the Local Authorities (Access to Information) (Exempt Information) (England) Order 2006).

7. COMPENSATION AWARD UNDER THE FIREFIGHTERS PENSION COMPENSATION SCHEME (FCS)

The CFO/CE presented this report. The content of the report was carefully considered by Members.

RESOLVED, that Members agreed to the commissioning of an IQMP assessment to assess the tier of ill health retirement pension as well as the agreed assessment of degree of disablement for the qualifying injury.

The meeting closed at 14:24hrs

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Chair

AVON FIRE AUTHORITY

MEETING:	AVON FIRE AUTHORITY
MEETING DATE:	5 February 2016
REPORT OF:	Treasurer to the Fire Authority Chief Fire Officer / Chief Executive
SUBJECT:	Revenue Budget 2016/17 and Medium Term Financial Plan

SUMMARY

This report outlines the latest budget position following consultation. At this stage it is anticipated that Central Government will confirm the Provisional Grant settlement figures announced in December and a verbal update will be given to Members at their meeting. Members are required to agree a budget and Council Tax precept for 2016/17 and note the Medium Term Financial Plan (MTFP).

RECOMMENDATION(S)

Members are asked:

- To consider the information contained in this report, the consultation responses, and to agree a Revenue Budget and Band “D” precept level for 2016/17.
- To agree the Capital Programme set out in Appendix B.
- To make the statutory determinations, which on the basis of this report, are set out in Appendix A. A summary is shown below:

	£'000
Gross Expenditure	45,997
Less Income	-1,853
Net Revenue Budget before use of reserves	<u>44,144</u>
Use of Reserves	-1,499
Net Budget requirement	<u>42,645</u>
Less Share of locally retained business rates	-4,735
Government Support	-13,949
Share of Collection Fund Net Surpluses	-221
Amount met by Council Tax	<u>23,740</u>
Band D Council Tax	£67.93

- To agree that the Fire Authority's basic amount of Council Tax (i.e. precept per Band D property) for 2016/17 is increased to £67.93, an increase of £1.33 or less than three pence per week.
- To agree that precepts be issued on the Unitary Authorities in the Avon Fire Authority area in proportion to the tax base determined by them and detailed in the table below:

<u>Unitary Authority</u>	<u>Tax Base</u>	<u>Precept £</u>
Bath & North East Somerset	62,734.60	4,261,561.38
Bristol	120,946.00	8,215,861.78
North Somerset	75,607.70	5,136,031.06
South Gloucestershire	90,205.00	6,127,625.65
Total	349,493.30	23,741,079.87

The amount of Council Tax for 2016/17 for properties in each tax band is:

Band A	£45.29
Band B	£52.83
Band C	£60.38
Band D	£67.93
Band E	£83.03
Band F	£98.12
Band G	£113.22
Band H	£135.86

- To instruct the Clerk to forward precept details to the Unitary Authorities as the billing authorities.

CONTENTS

The report focuses on information which will enable Members to determine the budget and Band D precept level for 2016/17.

BACKGROUND

At the meeting of the Fire Authority on 18 December 2015, Members considered a draft budget and Medium Term Financial Plan in relation to both Capital and Revenue Budgets.

The draft revenue budget for 2016/17 identified a standstill budget, before the use of reserves, of £45.5m incorporating savings of £1.0m. The budget was accompanied with paragraphs setting out the strategic issues and financial risks.

Members agreed to Option 1, a 2% increase in Council Tax for 2016/17 and that a similar increase be applied to each of the following 3 years covered by the medium term financial plan.

The budget contained a number of savings options including the continuation of the non-recruitment policy which have now been incorporated into the revised budget.

Members also agreed to release the report for consultation purposes.

CONSULTATION

As agreed, the report was made available to:

- Unitary Authorities
- Local MPs
- Business West
- The Authority's website
- The Authority's intranet
- At Community Safety Centre's

There were a number of responses to the consultation. A couple acknowledged the report and budget situation. A third provided a list of options for future savings which will be considered as part of the ongoing budget process.

THE MAIN CHANGES SINCE THE DECEMBER COMMITTEE MEETING

The following financial changes have occurred since the December Meeting:-

- The Unitary Authorities have now confirmed the Band 'D' tax base for 2016/17 as 349,493.30, compared to 349,356, an increase of 137.
- The Fire Authority's share of the Unitary Authorities net collection funds surpluses\deficits is expected to be a surplus of £221k compared to a £64k.
- The Fire Authority's share of Locally retained business rates is expected to be £4,735k compared to £4,754.
- An increase of 2% in Council Tax, as agreed by members at their December meeting.
- Replacing capital grant funding of £1.1m for 2016/17 and 2017/18 with additional prudential borrowing.

Summary of Main Changes			
Item	Original £'000	Revised £'000	Impact £'000
Tax base	349.36	349.49	9
Net Collection Fund surpluses\deficits)	64	221	157
Locally retained business rates	4,754	4,735	-19
Total impact on budget			147

Ongoing detailed work and discussions with budget holders and Managers is progressing well. Efficiency items have been identified through the budget process.

LOCAL GOVERNMENT FINANCE SETTLEMENT

The consultation period on the provisional settlement announced in December ended on the 15th January 2016.

The Government are expected to confirm the Local Government Finance Settlement for 2016/17 in February 2016. A verbal update will be provided at the meeting.

At this stage the final settlement is expected to be in line with the provisional settlement announced in December 2015.

In summary the main items contained within the settlement are:-

- A reduction in the 2016-17 settlement funding assessment of 7%
- The announcement of a 4 year settlement with reductions in grant as follows 2017/18 – 9%, 2018/19 – 4% and 2019/20 – 2%.
- The previous report to Members in December 2015 anticipated a capital allocation of £1.1m. Although there has been no consultation by Central Government the latest indications are that there will be no separate capital grant paid to Fire and Rescue Services in 2016/17, although this is yet to be confirmed. If no capital grant is received then the required capital funding will be provided by way of prudential borrowing. The medium term financial plan has been revised on the basis that no capital grant will be paid in 2016/17 or 2017/18. The impact of this is an increase in the required capital budget of around £120k each year from 2017/18. Further work is ongoing to assess the impact of additional borrowing on the current prudential indicators and whether they will need to be revised.
- Options in relation to the future location of a Head Quarters function are being developed. Changes to the existing programme may release previously allocated funds as an alternative method of funding to additional prudential borrowing.
- Estimated Specific Government Grants – (incl. FireLink, Urban Search and Rescue) £1.3m (yet to be confirmed)

Note the Fire Authority can set a budget based on the best estimates available at the time.

Details of the final settlement are as follows:

Summary in Changes in Formula Funding			
	2015/16 £'m	2016/17 £'m	Variation %
Government Funding Assessment	20.062	18.629	-7.14%
Less Locally Retained Business rates assessment	-4.642	-4.680	
Funding received from Central Government	15.420	13.949	-9.54%

TRANSFER OF RESPONSIBILITY FOR FIRE AND RESCUE TO HOME OFFICE

It was announced by the Prime Minister on the 5th January that the Fire Service would transfer to the Home Office from the Department for Communities and Local Government. At this stage there has been no indication that this will have an impact on the financial arrangements for 2016/17 or the 4 year settlement and no adjustment has been made to the budget or medium term financial plan for this item.

COUNCIL TAX

The four Unitary Authorities have confirmed their tax bases and the Fire Authority's share of the surplus/deficits on their collection funds resulting from Council Tax and these are set out below:

Council Tax	Taxbase			Collection Fund
	2014-15	2015-16	Variance %	Surplus / (Deficit) £
Unitary Authority				
Bath & North East Somerset	61,950.62	62,734.60	1.27%	41,000
Bristol	119,115.60	120,946.00	1.54%	177,697
North Somerset	73,996.80	75,607.70	2.18%	50,740
South Gloucestershire	87,715.00	90,205.00	2.84%	165,550
Total	342,778.02	349,493.30	1.96%	434,987

The Fire Authority's share of the net surplus on the Collection Funds produces a "one-off" saving to the Authority for 2016/17. The figures have been updated from the December report to include the latest estimates from the Unitary Authorities.

LOCALLY RETAINED BUSINESS RATE

The deadline for submission of the required Business Rate information for 2016/17 by the Unitary Authorities to Central Government is 31 January 2016. At the time of writing this report the information provided by the Unitary Authorities in relation to Business rates is provisional and subject to change. Members will be updated verbally at their meeting if there are any changes.

Details of the Fire Authority's share of locally retained business rates are shown below together with the Fire Authority's share of the surplus / deficits on their collection funds resulting from locally retained business rates:

Locally Retained Business Rates				Collection Fund
Unitary Authority	2015-16	2016-17	Variance	Surplus / (Deficit)
	£	£	%	£
Bath & North East Somerset	644,515	670,000	3.95%	-31,000
Bristol	2,073,548	2,006,267	-3.24%	-159,287
North Somerset	574,292	618,324	7.67%	94,999
South Gloucestershire	1,367,207	1,440,000	5.32%	-119,000
Total	4,659,562	4,734,591	1.61%	-214,288

In addition to the above Section 31 grant of £0.18m is due from Central Government to provide compensation for the continued impact in 2016-17 of the cap on the small business rate multiplier in 2014-15 and 2015-16.

Members will be verbally updated of any changes at the meeting.

CAPITAL PROGRAMME

The summary capital programme is shown in Appendix B. The revenue budget has sufficient funding to finance the capital programme.

At this stage the capital budget still contains funding to finance an HQ relocation of £9m as per the latest approval and the cost of funding the project is contained within the budget and medium term financial plan. Any changes to the programme may have an impact on the revenue budget.

BUDGET DEVELOPMENT

The budget for 2016/17, presented to Members at their December meeting, has now been updated for the changes identified above and is set out in the table below:

Development of the 2016/17 Draft Budget	
	£'000
Core Budget 2015/16 (Restated)	43,252
- add back use of reserves 2015/16	400
Base Budget 2015/16	43,652
Pay and Prices	
- Pay awards	341
- Energy inflation	16
- Other inflation	110
Commitments	
- Revenue Contribution to Capital	1,499
- Other	938
Transformation and Change savings	
- Employees	-1,455
- Other	-957
2016/17 Revenue Budget Requirement before use of reserves	44,144
Use of Reserves	
- Revenue Contribution to Capital	-1,499
- Other	
2016/17 Revenue Budget Requirement after use of reserves	42,645
Funding	
- Locally Retained Business Rates	-4,735
- Central Government Support	-13,949
- Collection Fund (surplus) \ deficit	-221
Amount required from Council Tax payers after use of Reserves	23,740
Assumed tax base	349,493
Council Tax	£67.93
Council Tax Increase	2.00%
Budget Increase (excluding use of reserves)	1.13%

Appendix C contains a subjective analysis of the 2016/17 budget.

The following main assumptions have been included in the budget and medium term financial plan.

Staffing levels - The budget and medium term financial plan has been prepared on the basis that the Fire Authority's non-recruitment policy continues until 2017/18 and that the level of leavers will be in line with expectations.

Pay and Prices

Pay awards are based on 1.0% increase for Uniform and Support Staff.

Inflation – general inflation is calculated on an increase of 1.5%.

Commitments

Capital Financing – The approved funding for the Investing for the Future programme includes a one-off revenue contribution of £1.5m in 2016/17 which is being met from the agreed reserve for this purpose.

Other – The increase reflects the following main items:

- The increase in employer national insurance contributions following the introduction of the new state pension scheme and the abolition of the contracting out rebate of 3.4% - £513k.
- The phasing in of increased LGPS employer contribution rates following the 2013 actuarial valuation of the Avon Pension Fund. For 2016/17 the rate increased from 12.7% in 2015/16 to 13.6%. The impact of this increase in 2015/16, together with the increased deficit recovery payment is £73k.
- Additional employer pension costs following the introduction of the Retained Modified Pension scheme - £32k
- The contribution to the JTC has been increased by £10k in line with the agreed increase in contributions to support the deficit on the sinking fund.
- A number of contracts are due for renewal and it is anticipated that this will result in increased costs of around - £52k
- Income – Following the successful transformation fund bid in 2015/16 a one-off grant of £100k was paid by the Government which drops out in 2016/17. Information from the Unitary Authorities indicate that Section 31 grant in respect of compensation for the continued impact in 2016-17 of the cap on the small business rate multiplier in 2014-15 and 2015-16 will reduce by £100k.

SAVINGS

At this stage savings have been identified in the following budget areas:-

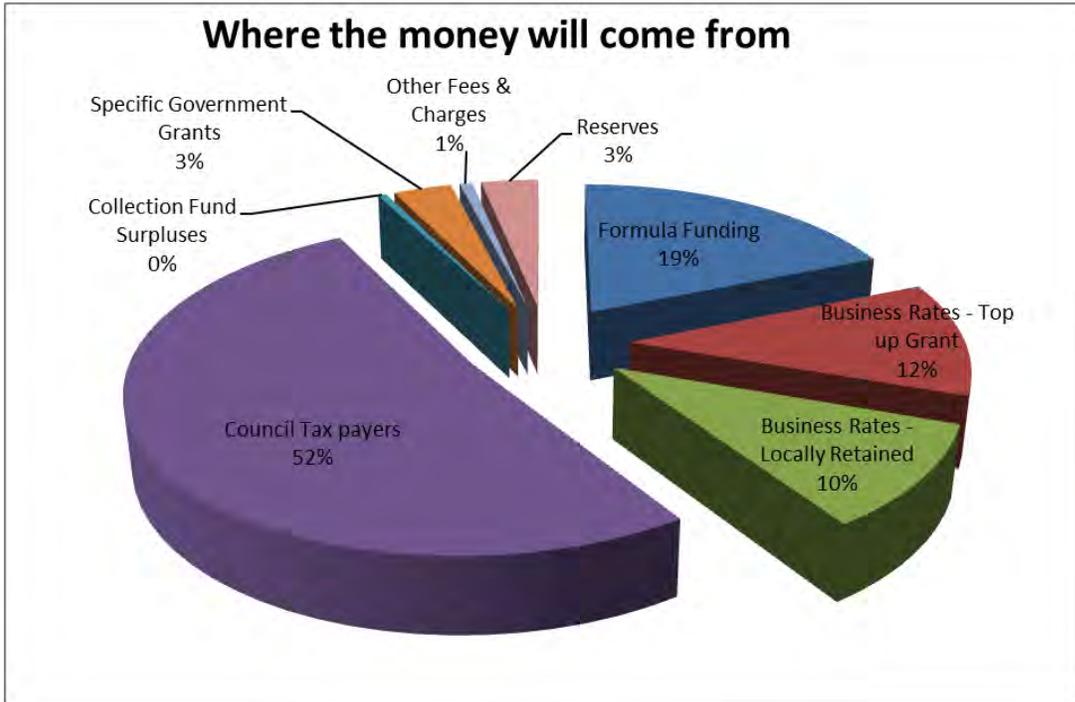
Employees – Continuation of the non-recruitment policy and salary base re-alignment produces anticipated savings of around £1,250k. A saving of £100k in respect of the anticipated reduction in the net Employers Contribution rate for firefighters transferring to the new Fire Fighters Pension Scheme. A saving of £95k on retained firefighters reflecting the closure of Keynsham Fire Station.

Other – Further efficiency savings in premises expenditure £148k, transport expenditure £47k and capital financing costs of £779k. The Capital financing budget contains sufficient funding to support the Fire Authority's asset management plans.

The development of the draft budget for 2016/17 identifies that after allowing for identified pressures and cost reductions the amount of funding required from Council Tax and the use of Reserves is £25.239m.

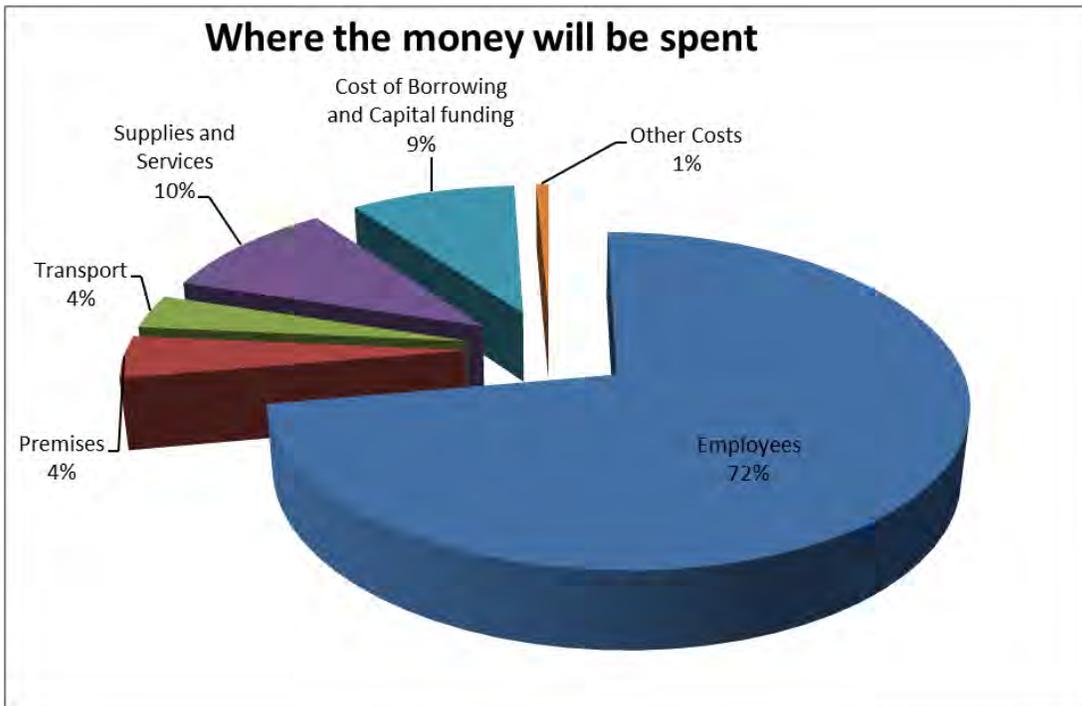
Sources of Funding - 2016/17

The following chart shows where the funding will come from in 2016/17:



Spending 2016/17

The following chart shows where the money will be spent in 2016/17:



MEDIUM TERM FINANCIAL PLAN

The draft Medium Term Financial Plan (MTFP) presented to the Fire Authority in December has been revised to reflect Members decision to agree in principle to an annual increase of 2% in council tax over the next four years. The latest updated MTFP is shown below:

Medium Term Financial Plan				
	Budget			
	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Council Tax Increase Target	2.00%	2.00%	2.00%	2.00%
Base budget	43,652	44,145	41,410	41,420
Effect of pay and price increases, cost of capital	467	464	474	471
Current base budget	44,119	44,609	41,884	41,891
Add Pressures / growth	2,438	(1,297)	108	120
Less Identified savings	(2,412)	(1,902)	(572)	(143)
Initial Budget	44,145	41,410	41,420	41,868
Additional required savings	0	0	0	0
Budget before use of reserves	44,145	41,410	41,420	41,868
Reserves	(1,499)	0	0	0
Net Budget	42,646	41,410	41,420	41,868
Less Locally retained business rates	(4,735)	(4,818)	(4,949)	(5,071)
Government Support	(13,949)	(12,116)	(11,236)	(10,777)
Add \ Less effect of Collection Fund deficits \ (surpluses)	(221)	0	0	0
Net amount chargeable to Council Tax Payers	23,741	24,476	25,235	26,020
Band D Council Tax	£67.93	£69.28	£70.66	£72.07
Budget Increase \ (decrease) (excl use of reserves)	1.13%	(6.20%)	0.02%	1.08%
Key Financial Assumptions	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Other Inflation	1.50%	1.50%	2.00%	2.00%
Use of Reserves	(1,499)	0	0	0
Estimated Council Tax base	349,493	353,291	357,138	361,038
Net Collection Fund Positions	(221)	0	0	0
Government Support	(7.14%)	(9.35%)	(4.38%)	(1.87%)
Earmarked Reserves (Excl Working Balance)				
	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Balance 1 April	4,802	3,303	3,303	3,303
Utilised during year	(1,499)	0	0	0
Balance 31 March	3,303	3,303	3,303	3,303

Key Points to note:

- At this stage all required savings have been identified.
- The use of reserves is limited to those identified to fund the investing for the future programme.
- The existing programme indicates that Firefighter recruitment could commence in 2017/18 for 2018/19.
- The budget presents considerable financial challenges and managers will need to ensure that costs are controlled.
- There are some elements of risk contained within the budget at this stage, primarily relating to central government capital funding, any implications associated with the move to the Home Office and possibly the outcomes of current pension related legal cases.

SAVINGS

The proposed savings required for 2016/17 and those estimated for the medium term are set out in the table below.

Analysis of proposed savings 2016/17 - 2019/20					
Area	2016/17	2017/18	2018/19	2019/20	Total
	£'000	£'000	£'000	£'000	£'000
Employees	-1,455	-1,039	-278	-80	-2,852
Premises	-148	-105	0	0	-253
Transport	-47	0	0	0	-47
Supplies and Services	-111	0	0	0	-111
Other Costs	-652	-758	-293	-65	-1,768
Unidentified savings	0	0	0	0	0
Total Savings	-2,413	-1,902	-571	-145	-5,031
Use of Reserves	-1,499	0	0	0	-1,499
Total reductions	-3,912	-1,902	-571	-145	-6,530

The Medium Term Financial Plan has now been remodeled. A subjective analysis is shown below:-

	16/17	17/18	18/19	19/20
Detail Analysis	£'000	£'000	£'000	£'000
Employees	33,225	32,522	32,576	32,828
Premises	1,945	1,885	1,929	1,975
Transport	1,567	1,645	1,678	1,711
Supplies and Services	4,666	4,799	4,896	4,995
Other Costs	4,594	2,462	2,292	2,344
Unidentified savings	0	0	0	0
Total Expenditure	45,997	43,313	43,371	43,853
Income	-1,853	-1,904	-1,951	-1,985
Budget before use of reserves	44,144	41,409	41,420	41,868
Reserves	-1,499	0	0	0
Net Budget	42,645	41,409	41,420	41,868

Link to the Fire Authority's Goals and Objectives

The ongoing real terms reduction in future funding has provided a significant financial challenge to the Fire Authority. Whilst the financial challenge is a dominant driver for change, it remains important that the Service's future strategies continue to be service-led. This has been the basis upon which this Fire Authority has developed its financial planning arrangements over previous years. The consequences of the existing budget and Medium term plan will be integrated into the Fire Authority's IRMP and other strategic documents.

REFERENDUM

The Government has set a referendum limit for Council Tax increases for 2016/17 of 2%.

AUSTERITY MEASURES

At this stage it appears reasonable that budget and savings targets can be met for 2016/17. However savings targets are high and a strong level of management will be required to ensure costs are controlled. The estimated level of savings identified for future years represent a significant level of risk and regular monitoring will need to be undertaken.

Any excess efficiency will be added to reserves and / or be used to assist in the delivery of more efficient working.

EQUALITIES ISSUES

Under Equality Legislation, the Fire Authority has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality. The duties do not prevent difficult decisions being made, but from a financial perspective it stresses the need to ensure that financial decisions are made in a fair, transparent and

accountable way, considering the needs and rights of different members of the community and staff.

This is achieved through robustly assessing the impact that changes to policies, procedures and practices could have on different equality groups. The assessment should be proportionate to the decision being made and its relevance to the Fire Authority's functions and its impact.

OTHER LEGAL CONSIDERATIONS

Members of the Fire Authority have a statutory duty to secure the services of a suitably equipped and properly trained fire and rescue service which meets efficiently all normal requirements of the area.

There is also a range of related duties, including a duty to secure efficient arrangements for giving advice on fire prevention, restricting the spread of fires, means of escape; and ensuring adequate supplies of water for firefighting.

Apart from their duties specifically related to fires, Members have important responsibilities as employers, particularly under the Health and Safety at Work Act and need to bear in mind the ability of the Health and Safety Executive to ensure compliance through the issue of compliance notices.

Failure to make adequate provision for health and safety through proper training, maintenance of premises, maintenance of vehicles, provision of suitable protective clothing and equipment etc. may also have legal and financial implications through increased levels of claims and, ultimately, insurance premiums.

Members need also to consider the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

Members need to consider Equalities Legislation as laid out above.

The final decision on the level of the Fire Authority's budget, and responsibility for its adequacy, rests on the Members of the Fire Authority. In arriving at their decision. Members should have regard to all relevant factors, including the views of consultee's, the interests of Council taxpayers and the possibility of capping, but Members' first obligation is to meet the statutory duties referred to above.

SECTION 25 REPORT

In accordance with Section 25 of the Local Government Act 2003, the Treasurer is required to report to the Fire Authority on the robustness of the estimates made for the purposes of the calculations required in connection with the precept and the adequacy of the proposed financial reserves. The Fire Authority is required to have regard to this report when making decisions about these calculations.

There is no doubt that the Fire Authority is in the middle of a very difficult and uncertain period with a significant cash reduction in grant funding still to be met over the medium term. The reduction the settlement funding assessment for 2016/17 is significant at £1.4m.

The estimates and budget contained within this and previous reports are based on sound financial principles and robust data collection and as such I believe they can be relied upon to set the Fire Authority's precept for 2016/17.

Good progress continues to be achieved in delivering additional efficiencies in the current financial year with a number of these initiatives rolling forward into future years.

There is a need to continue the policy of non-recruitment over the next two years and this will need to be monitored very closely. There are Reserves available should the retirement rates not be in line with expectations. It is important that the Fire Authority maintains an adequate level of reserves and this will be closely monitored.

Proposals have been developed to deliver all of the savings identified in the Medium Term Financial Plan. Work is ongoing to ensure that the policy of non-recruitment can be successfully implemented in Operational Delivery terms.

The working balance currently stands at the agreed level of £1.5m. The Fire Authority also holds other reserves, in particular the planned austerity reserve and the reserve for pensions. It is essential that these are used wisely as the Fire Authority strives to reduce its base budget over the medium term. An analysis of the Reserves is held in Appendix D.

The December budget report identified the most significant financial risks and possible measures for mitigation of these. A sensitivity analysis including an impact assessment was also provided as was a summary of the anticipated level of reserves.

It is the Treasurer's view that the budget proposed is sufficiently robust for 2016/17 and that Managers are committed to taking the necessary action to deliver the budget.

IMPLICATIONS

FINANCIAL IMPLICATIONS

The budget for 2016/17 is part of an ongoing plan to deliver a sustainable budget within the confines of the restrictions placed upon Avon Fire Authority by central Government in terms of reducing levels of grant and non-domestic rates redistributed by the Government. The financial implications are significant and are laid out in this report.

LEGAL IMPLICATIONS

The Fire Authority is required by statute to set a legal budget.

EQUALITY AND DIVERSITY IMPLICATIONS

The Fire Authority has a duty to pay 'due regard' to the need to eliminate discrimination and promote equality as summarised in paragraph 6. It will be very difficult to improve or change the diversity of the workforce for as long as a vacancy freeze is maintained.

CORPORATE RISK ASSESSMENT

The budget options set out in the report are demanding. Corporate Risk 21 identifies a range of financial scenarios that could lead to the worsening of the financial situation. The most significant of these have been identified and costed and contained within the December report. Whilst savings options have been identified it is imperative that they are thoroughly researched and implemented to avoid an overspend situation and increased use of reserves.

ENVIRONMENTAL/SUSTAINABILITY IMPLICATIONS

The budget contains resources to support ongoing environmental and sustainability work. It recognises that investment in this area can produce substantial savings.

HEALTH & SAFETY IMPLICATIONS

None directly, although repair and maintenance budgets will be carefully prioritised.

APPENDICES:

- Appendix A: Statutory Calculations
- Appendix B Capital Programme 2016/17 – 2019/20
- Appendix C 2016/17 Detail Budget Analysis
- Appendix D Reserves Adequacy Analysis
- Appendix E Band D Council Tax Levels 2015/16

List of background documents: Held within the Finance Director's department
Report Contact(s): James Dack, Treasurer and Director of Finance and Asset Management and Treasurer to the Fire Authority (Extension 235#)

Appendix A

Avon Fire Authority - Budget 2016/17 - Statutory Calculations

That the following amounts be now calculated by the Fire Authority for the year 2016/17 in accordance with section 43 of the Local Government Finance Act 1992 (as amended)

43 (2)	The aggregate of:	
(a)	The expenditure the Fire Authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year, other than expenditure which it estimates will be so incurred in pursuance of regulations under section 99(3) of the 1988 Act;	£45,997,162
(b)	Such allowance as the Fire Authority estimates will be appropriate for contingencies in relation to	£0
(c)	The financial reserves which the Fire Authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure; and	£0
(d)	Such financial reserves as are sufficient to meet so much of the amount estimated by the Fire Authority to be a revenue account deficit for any earlier financial year as has not already been provided for.	£0
43 (3)	The aggregate of:	
(a)	The sums which the Fire Authority estimates will be payable to it for the year and in respect of which amounts will be credited to a revenue account for the year, other than sums which it estimates will be so payable	£1,852,730
(i)	in respect of redistributed non-domestic rates, revenue support grant, additional grant, relevant special grant or police grant;	
(ii)	in respect of any precept issued by it; or	
(iii)	in pursuance of regulations under section 99(3) of the 1988 Act; and	
(b)	the amount of the financial reserves which the authority estimates that it will use in order to provide for the items mentioned in paragraphs (a) and (b) of subsection (2) above	£1,499,000
43 (4)	If the aggregate calculated under subsection (2) above exceeds that calculated under subsection (3) above, the Fire Authority must calculate the amount equal to the difference; and the amount so calculated shall be its budget requirement for the year.	42,645,432

That the following amount be now calculated by the Fire Authority for the year 2016/17 in accordance with section 44 of the Local Government Finance Act 1992 (as amended) as its basic amount of Council Tax

R	The amount calculated by the Fire Authority under section 43 (4) above as its Council Tax requirement for the year	£42,645,432
less P	The aggregate of the sums which the Fire Authority estimates will be payable to it for the year in respect of redistributed non-domestic rates, revenue support grant, additional grant , relevant special grant or	£18,904,352
T	The aggregate of the amounts calculated by the billing authorities to which the Fire Authority issues precepts ("the billing authorities concerned") as their council tax bases for the year for their areas and are notified by them to the authority within the prescribed period.	349,493.30
	Basic Amount of Council Tax	£67.93

That the following amounts be now calculated by the Fire Authority for the year 2015/16 in accordance with section 47 of the Local Government Finance Act 1992 as the amounts of Council Tax for the different valuation bands

Council Tax for the different valuation bands:

Band A	£45.29	Band E	£83.03
Band B	£52.83	Band F	£98.12
Band C	£60.38	Band G	£113.22
Band D	£67.93	Band H	£135.86

That the following amounts be now calculated by the Fire Authority for the year 2015/16 in accordance with section 48 of the Local Government Finance Act 1992 as the amounts payable by each billing authority

<u>Unitary Authority</u>	<u>Tax Base</u>	<u>£</u>
Bath & North East Somerset	62,734.60	4,261,561.38
Bristol	120,946.00	8,215,861.78
North Somerset	75,607.70	5,136,031.06
South Gloucestershire	90,205.00	6,127,625.65
Total	349,493.30	23,741,079.87

Appendix B

Estimated Capital Programme 2016/17 to 2019/20 (excluding slippage)				
Investment Area	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Premises - General	500	500	500	500
Premises - Investing for the Future	9,299	0	0	0
Operational Equipment	143	98	98	98
BA Replacement	700	0	0	0
Fleet	1,410	1,410	1,410	1,410
IT	200	200	200	200
Total	12,252	2,208	2,208	2,208
Funded by				
Grant	53	8	1,085	1,085
Capital Receipts	7,800	0	0	0
Revenue Contribution to capital	2,399	200	200	200
Prudential Code	2,000	2,000	923	923
Total	12,252	2,208	2,208	2,208

Appendix C

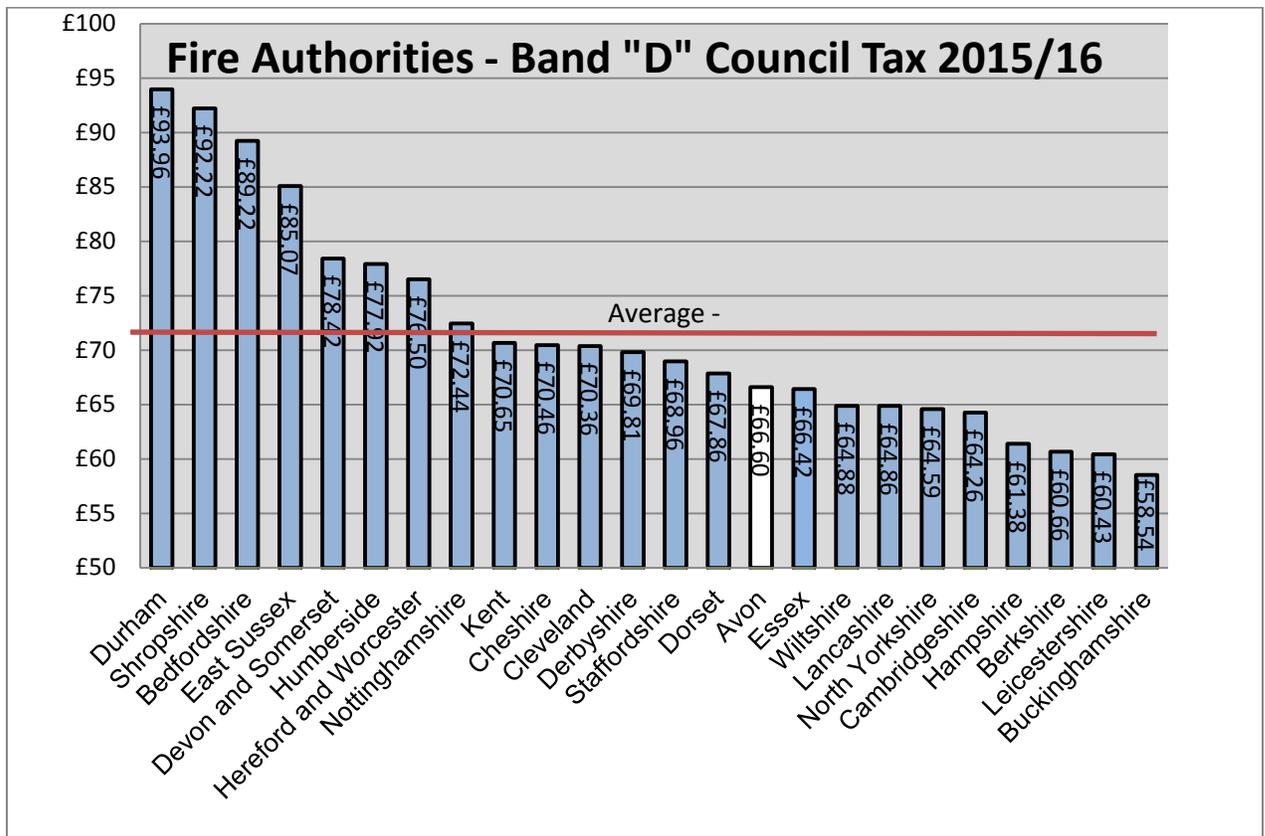
Detail Analysis	Base Budget £000	Inflation £000	Other Pressures £000	Savings £000	2016/17 Budget £000
Employees	33,690	341	634	-1,455	33,210
Premises	2,028	48	32	-148	1,960
Transport	1,642	33	-45	-47	1,583
Supplies and Services	4,459	70	148	-111	4,566
Other Costs	3,809	4	1,499	-652	4,660
Unidentified savings	0	0	0	0	0
Total Expenditure	45,628	496	2,268	-2,413	45,979
Income	-1,974	-29	170	0	-1,833
Budget before use of reserves	43,654	467	2,438	-2,413	44,146
Reserves	-400	0	-1,099	0	-1,499
Net Budget	43,254	467	1,339	-2,413	42,647

Appendix D

AVON FIRE AND RESCUE AUTHORITY

Reserves Adequacy Analysis

Reserve	Purpose	Likelihood	Impact	31 March 2016 £'000	MTFP 2016/17 £'000	31 March 2017 £'000
Pension / Budget Pressure Reserve						
PPE / ICP Replacement Reserve	To fund fluctuations in PPE costs following introduction of the Intergated Clothing project.	Medium	Medium	125		125
Control Resilience Reserve	To provide supplementary support for implementation of control resilience programme	Medium	Medium	400		400
Premises / H&S Reserve critical works	To fund critical Premises / H&S works	Medium	Medium	100		100
Pension Reserve	To fund fluctuations in ill health retirements	High	Medium	200		200
Legal Fees Reserve	Finance unexpected Legal Costs	Medium	Medium	100		100
Marketing & Communications Reserve	To support community safety advertising campaigns and initiatives.	Medium	Medium	28		28
Auxillary Reserve	To provide training and equipment for auxiliary staff	High	High	125		125
BA Reserve	To fund revised total care package	High	High	50		50
Investing for the Future	To fund additional costs associated with the Investing for the Future project	High	High	635	-635	0
Capital Financing	To support funding of the future Capital Programme as a result of reductions in Capital Grant and any variations in expenditure.	High	High	872	-864	8
Hydrants	To fund additional cost of repair works arising from increased inspections	High	Medium	100		100
Medical Intervention	To fund medical interventions to assist employees to return to work	Medium	Medium	40		40
Austerity Reserve	To support implementation of new procedures / ways of working	High	High	2,027		2,027
Earmarked Reserves				4,802	-1,499	3,303
PFI Equalisation Fund				1,721		1,721
Total Earmarked Reserves				6,523	-1,499	5,024
Working Balance				1,500	0	1,500
Total Reserves				8,023	-1,499	6,524



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MEETING:	FIRE AUTHORITY
MEETING DATE:	5 FEBRUARY 2016
REPORT OF:	CHIEF FIRE OFFICER / CHIEF EXECUTIVE
SUBJECT:	INVESTING FOR THE FUTURE: HEADQUARTERS RELOCATION

SUMMARY

The purpose of this report is to update Members on the Headquarters relocation project to enable them to agree, in principle, the best option for the Service.

The project has reached a critical stage where a decision needs to be made imminently to ensure that the relocation is completed in sufficient time to mitigate identified risks associated with maintaining the infrastructure of the Temple Back site. This would also allow us to remain on track to achieve the benefits of the Investing for the Future Programme.

A Headquarters Relocation is a complex task and will involve a significant amount of work, decisions and change management to enable the transition to be smooth. Similarly, ensuring best value options are presented to Members regarding the remaining premises / assets is also an important piece of work.

It would also be advantageous to provide AF&RS Headquarters staff with an amount of clarity as they have had uncertainty regarding this matter for some time.

To achieve an agreement in principle would enable Officers to concentrate resources on the preferred option, resolve matters of concern and ensure that progress is made in a cost effective and timely manner.

Three options are presented to Members based on the work undertaken so far by the project team. They are:

1. Utilise the existing land owned by the Fire Authority on the former Keynsham Fire Station site in the high street in Keynsham. Obtain planning permission to build a bespoke Headquarters on that site. Developments at the proposed Keynsham site have introduced a degree of uncertainty around the design and project timescales, but following recent discussions with B&NES it appears these concerns can be overcome. Should Members decide that an alternative site is preferred, options on how best to utilise or dispose of this asset to ensure a best value decision is made will be presented to Members at a later stage.

2. Buy land with planning consent and build a Headquarters on that site. To ensure best value, a scoping study has been undertaken to explore the potential of sites within a six mile radius of Temple Back. The outcome of this confirmed that the most cost effective site is at Harlequin Office Park at Emerson's Green. If Emerson's Green is chosen, negotiations need to begin with the Developer at the earliest opportunity, which will inform realistic timescales for the construction of the new building. This in turn will give realistic timescales for vacating and disposal of the Temple Back site. There are 2 potential plots available of differing sizes and costs. The most suitable site will depend on the space requirements of the Fire Authority.
3. Under a lease hold arrangement, share Headquarters premises with Avon and Somerset Constabulary Headquarters at Valley Road, Portishead. Members will be aware of the Government's drive for collaboration between emergency services and in particular where shared facilities and resources can be achieved. The Police and Crime Commissioner has made it clear that they are supportive of this collaborative move and would not seek to profit from this, but has also confirmed this would not compromise the views of the Fire Authority regarding the PCC taking over control of Fire and Rescue Services or merging services. Therefore, AF&RS will maintain its independence, seek longer term and firm assurances on costs and ensure that all any concerns are overcome. Should this be the preferred option this would greatly reduce the need for significant capital investment.

Whilst this report seeks to achieve an agreement in principle on a preferred site, work is being undertaken to ensure that a robust financial and qualitative assessment of the options is completed to support the decision made. Therefore, at this stage the detail and longer term financial implications are not included, but this report should provide Members with enough information to make a decision.

Should any significant risks or changes be identified during the implementation of the option, Members will be consulted on whether the agreement should be suspended or re-evaluated.

If Members feel they need further information, appraisals or evaluations carried out in order for them to make this decision this could delay progress but whatever information is necessary can be obtained. However, it would be beneficial, cost effective and would mitigate risks, if an agreement in principle was decided upon at this stage.

RECOMMENDATIONS

That Elected Members:

- i) Agree in principle an option Members are prepared to support.
 - ii) Approve Officers focusing resources and priorities on achieving that option.
-

BACKGROUND

Avon Fire and Rescue Service Headquarters is currently located in central Bristol at the same site as Temple Fire Station (which will shortly be replaced). Members are advised that:

- The existing building is increasingly expensive to operate and maintain. Independent surveys and reports indicate that both Fire and Headquarters buildings require significant maintenance and refurbishment to maintain their mechanical and electrical integrity and to extend their useful life.
- Ageing systems such as electrics and heating have been identified as a risk to business continuity and health and safety, which will continue to increase over the next 12-18 months. The extent of the concern is that should any of the infrastructure fail, it is potentially irreparable and could result in the Fire Authority having to explore short term lease options which would be both operationally and financially unattractive.
- The footprint of the building is larger than is now operationally required.
- There is a good case to realise the asset value from this site and ensure best value options are presented to Members.

Consultants have been appointed to report on how best value is achieved to maximise a return on the residual Temple Back site. In addition, by setting a definitive timescale for Headquarters to vacate the Temple Back site, this will enable firm bids to be made from the market.

FREEHOLD OPTIONS (KEYNSHAM AND EMERSON'S GREEN)

Keynsham

The original plan was, once the new Temple Fire Station was in place, a new Headquarters building would be constructed on the existing freehold plot, currently occupied by Keynsham Fire Station. B&NES Council had given a firm commitment to joint collaboration on the planning and building of the new Headquarters offices as part of the ongoing Keynsham redevelopment.

Officers were working in collaboration with B&NES to agree a suitable design for a new building on the existing Keynsham Fire Station site. Architects were appointed earlier in the year to deliver a design suitable for a corporate Headquarters function.

In tandem, Officers and B&NES have been consulting with the relevant Planning Authority who have raised issues, specifically on the height and contemporary appearance of the proposed building.

Following several option appraisals of the scheme, Officers were becoming increasingly concerned that achieving the architectural style required by the Planning Authority does not comply with the corporate and functional requirements of the Fire Authority. However, following more recent discussions with B&NES it appears these concerns may be able to be overcome.

There are also physical site constraints that add further complexity to the structure including:

- An underground sewer that runs along one side of the boundary
- Highways issues
- Lack of available parking
- A tight space in which to carry out construction
- Concerns over internal usable space

An artist's impression of how a new building in Keynsham could look is illustrated on the next page.

Temple Street, Keynsham (artist's impression, subject to Planning consent)



Harlequin Office Park, Emerson's Green

Due to these concerns alternative options were explored and a scoping study was commissioned to explore the potential of sites within a six mile radius of Temple Back. The outcome of this confirmed that the only viable site is Harlequin Office Park at Emerson's Green.

Whilst Unit 5 at Harlequin Office Park at Emerson's Green is a larger building than the proposed building at Keynsham, it represents an opportunity to make further savings.

With this option there would be enough room to consider relocating the Technical Fire Safety Office (currently located at Station 04 Patchway) and the Children and Young People (currently in portacabins next to Station 15 Bedminster) departments back to Headquarters. Should this be the preferred option, Officers would then carry out best value reviews to rationalise assets further and/or explore financially advantageous options such as leasing or entering into partnerships.

There is also a smaller building plot/Unit available at Emerson's Green which may be more suitable following a review of the Fire Authority's space requirements. Whilst building costs would be cheaper than with Unit 5, the opportunities to rationalise other AF&RS premises would not be available.

The proposition at Unit 5, Harlequin Office Park is less expensive on a pro-rata basis as it is less expensive to construct than Keynsham. The information below shows the difference in size and cost per square metre.

Located on the A4174 (Avon Ring Road) adjacent to the Willy Wicket Roundabout, Phase one (three units) was completed in 2009 and includes other Blue Light occupants such as Avon & Somerset Constabulary.

A map showing the office park location and layout highlighting Unit 5 is shown on the next page.

Unit 5, Harlequin Office Park, Emerson's Green (Planning consent in place)



Benefits Comparison

	Advantages/Opportunities	Disadvantages/Risks
Emerson's Green	<ul style="list-style-type: none"> • Easier to maintain externally • Infrastructure ready • Less professional fees • Faster build time • Low Planning risk • 10% cheaper to build • 126 on-site parking spaces • Potential rationalisation of other assets • Potential income generation 	<ul style="list-style-type: none"> • Local amenities driving distance • Generic specification requires additional input • Design requires sprinklers • Developer timeline optimistic • Potentially higher running costs
Keynsham	<ul style="list-style-type: none"> • Potentially lower running costs • Sprinklers included • High specification building • High street location • Local amenities walking distance 	<ul style="list-style-type: none"> • Expensive and difficult to maintain • Requires expensive highways works • Higher professional fees • Longer build time • High Planning risk • Higher build cost • Only 12 on-site parking spaces

Cost Comparison (per square metres)

	Keynsham	Unit 5 Harlequin Office Park
Floor area	2800m ²	3285m ²
Cost/m ²	£2,857.14	£2,692.06

Staff Opinion on the two sites

Members of staff based at Headquarters were recently asked whether they would prefer Emerson's Green, Keynsham or had no preference. In total 64% preferred Emerson's Green, 20% preferred Keynsham and 16% had no preference.

They were then asked what the main factors in their decision were. In total 60% said 'distance from home address'; 60% said 'parking'; 58% said 'ease of access' and 31% said 'Preferable working environment'.

Finally they were asked what the single biggest factor was for them. The most popular answers were 'parking' and 'distance from home address', both with 30% whilst 15% voted 'ease of access'. Through the survey a number of staff highlighted other factors which encouraged them towards Emerson's Green, including the extra capacity at the site and the possibilities this may provide.

LEASEHOLD: AVON AND SOMERSET CONSTABULARY Headquarters, VALLEY ROAD PORTISHEAD.

As you are aware, several national reports have recently been published to outline future proposals for collaborative working. The Fire and Rescue Service has also been moved to the Home Office with Policing.

Due to this, Officers recently opened dialogue with Avon & Somerset Constabulary to ascertain if there are any opportunities to work together. These include moving our heavy rescue training facility to Avon & Somerset Constabulary's newly acquired premises at The Hand Equestrian Centre in Clevedon, and the new Station 09 Temple providing a central 'touch down' facility for the Bristol Police Neighbourhood Team.

A more significant collaboration opportunity is whether sharing Service Headquarters with Police Headquarters at Portishead would offer best value to the Fire Authority. We have received tentative agreement from the Avon & Somerset Police and Crime Commissioner (PCC) that our requirements could be accommodated and they would not seek to financially benefit from this move.

Early indications are that we would not be expected to pay lease costs / rent but would pay an annual service charge to cover internal and external maintenance and repairs, utilities and other property related costs. This arrangement would be subject to review to reflect actual costs incurred. These arrangements would be captured in a suitably constructed legal agreement over the long term (the current suggestion is 20 years) but with some flexibility to bring the agreement to an end should circumstances change. This presents an opportunity to achieve significant savings for AF&RS in capital building costs, professional fees and ongoing running costs. This would amount to approximately £8/9 million with a freehold/bespoke building.

Images of the Portishead site are shown on the next page.

Avon and Somerset Police Headquarters, Portishead



It should be noted that Officers have not carried out a wider options appraisal of other potential lease sites e.g. with a local authority/commercial sites. Therefore, this is the only lease option included. However, it may be useful to compare the average annual lease costs of a commercial site in the other Unitary Authorities (based on 2000m²).

Grade A space – New build

Keynsham/surrounding areas - £20/sqft - £430,000
Emerson's Green - £20/sqft - £430,000
Bristol city centre - £28/sqft - £602,000

Grade B Space – Secondary/refurbished

Keynsham/surrounding areas £15/sqft - £322,500
Emerson's Green - £18/sqft - £387,000
Bristol city centre - £24/sqft - £516,000

It should be noted that these annual lease costs do not include service or utility costs.

Officers decided against further work at this stage due to the recent emergence of the Government drive to collaborate and there would be additional costs and further delays in a decision being made. Alternative leasing options would not present the potential areas of savings and benefits from future collaboration with the Police, both operationally and with the support functions. There are many areas of commonality in how the functional aspects of the Police and Fire Service operate and in how they require support. This could include community safety activities, there are similar procurement contracts and facilities such as occupational health services, fleet, IT, communications systems and training. It is envisaged that in the longer term more savings could be achieved than those initially identified from just a Headquarters relocation to the Police Headquarters.

It is intended that AF&RS would need to operate independently of the Police as a transition of staff, contracts, different IT systems, processes, policies and ways of working would need management over a period of time. Although this move is not viewed as an opportunity to make staff redundancies, when contracts are due for renewal, staff leave, or other opportunities arise, we would work with the Police to ascertain if we can derive mutual benefits and savings over a period of time. AF&RS support services are proven to be very efficient and cost effective and there may be opportunities to share these good practices with the Police.

A leasing option would mean a move away from previous Fire Authority decisions and we would not own the premise as with the other two options. In terms of savings, if AF&RS moved to Police Headquarters this would save capital building costs that would be required for Keynsham and Unit 5 at Emerson's Green (approximately £8/9 million). This will enable the Fire Authority to repay prudential borrowing and release significant capital earlier from the sale of Temple Back site and Keynsham. Work is being carried out to evaluate the disposal options for Temple to including selling the freehold or some long term leasing arrangement to ensure best value.

It should also be noted that there is potential for the Headquarters site to be redeveloped and may be an option for some functions to remain on the Temple Back site, but this would require build costs, a temporary relocation and is unlikely to realise the longer term benefits, collaborations or the capital savings that could be achieved from move to the Police Headquarters.

Staff Opinion

Staff were asked similar questions to these already included in the previous section and have indicated that Portishead is the least preferred option for them. This is due to perceived problems with job losses and accessibility, as many staff are located in North Bristol resulting in longer travelling times. The site is not as accessible by public transport as the other sites, but there are buses from Bristol to the site and there are future plans for a train station. Traffic congestion and problems on the motorways are common but it is also an increasing problem when working in a city centre. As with the option of moving to Keynsham, there may also be an issue with parking but the Police have committed to resolving this concern for us. We will work with staff and hold one to one meetings to overcome any concerns and will consider if it is cost effective to arrange daily transport from Bristol to the site.

There is a risk that staff may choose to voluntarily leave the organisation, but this is the same risk with the other options. It should be considered that the risk is however greater with a move to the Police Headquarters as more staff are affected. The Service has committed to pay additional travelling costs for staff for a three year period and the costs are therefore higher with a move to Police Headquarters.

Summary

Summary of key issues and concerns	Keynsham	Emersons Green	Avon and Somerset Police Headquarters
Programme Delivery			
Planning challenges	More Complex	Less Complex	Less Complex
Implementation timetable	Medium to Long Term (Approx 2 years)	Medium Term (Approx. 1.5 Years)	Short Term (Approx within one year)
Technical complexity	Most complex	Some complexity, but building design in place	Limited Complexity
Flexibility / estate rationalisation	Limited	Potential for rationalisation of further functions	Negotiations ongoing
Shared Facilities	Possible sharing with BANES	Limited but possible sharing options	High Level
Locational Issues			
Accessibility for staff (based on a staff survey)	Medium Impact	Lower Impact	High Impact
Parking	Limited parking	Suitable Parking	Limited parking
Operational collaboration opportunities	No Operational collaboration	No Operational collaboration	Potential for operational collaboration
Support collaboration opportunities	Opportunity to work with partners	Opportunity to work with partners	Opportunity to work with partners and co- location
Staff opinion/preferences		Most Preferred	Least preferred
Financial			
Capital Expenditure	£9m	£9m or £5m	Limited
Revenue budget impact	Property cost savings	Property cost savings	Substantial property savings and potential financing savings
Level of Capital Receipts	No receipt for Keynsham site	Temple and Keynsham	Temple and Keynsham
Net present Cost (estimated)	Higher initial cash flows but long term impact of asset investment not known	Higher initial cash flows but long term impact of asset investment not known	Lower initial cash flows

FINANCIAL IMPLICATIONS

At this stage it would appear that significant savings can be achieved. A leasehold arrangement with Avon and Somerset Constabulary would yield annual revenue savings and release £9m from the existing Capital Programme. These funds could be earmarked for other projects or removed from the programme to reduce future debt repayment and interest costs. This option also allows for the shared use of common facilities.

The other options would not enable a reduction in capital investment of up to £9m and running costs would be anticipated to be higher than the Police option. However the Fire Authority would acquire an asset and the accommodation may be more suitable / flexible in the longer term.

The leasing option offers some significant financial advantages compared to the other options and it would appear prudent to progress this option as a priority.

Members were informed at the December 2015 Fire Authority meeting that Lambert Smith Hampton had been appointed to provide a robust financial and qualitative assessment of the options available to the Fire Authority in order to support the option chosen.

This work is not available for inclusion into this report but is progressing well and will be available early in March 2016. It will include a net present value (NPV) cash flow analysis which will be used to assess the relevant costs of the options. The financial appraisals will be prepared using a discounted cash flow methodology in accordance with best practice and HMT Green Book Guidance.

As already outlined should any significant risk or changes be identified, Members will be consulted on whether the option chosen should be suspend or re-evaluated.

LEGAL ADVICE

There are no specific legal issues arising from any of the options presented which would prevent the adoption of any one of them, in principle. The best value duty set out in Part 1 of the Local Government Act 1999 is a general one providing a wide discretion to the Fire Authority on how it is achieved.

The text of the proposed new duty to be placed on each of the emergency services to collaborate with each other which was subject to Government consultation in the Autumn is not yet known. There is, as yet, no indication of when such a duty which requires primary legislation will be presented to Parliament.

Whichever option is chosen that option will give rise to a number of legal issues specific to it (some of which are mentioned earlier in the report) which will need to be considered by Officers in taking that option forward.

CORPORATE RISK ASSESSMENT

The main risk relates to the structural problems of the existing Headquarters site, which is why an agreement in principle needs to be made as soon as possible.

Savings will be made from a Headquarters relocation and it should be noted that this is a key strategic decision that will positively affect and mitigate a number of the Service's Corporate Risks enabling front line services to be protected where possible.

ENVIRONMENTAL/SUSTAINABILITY IMPLICATIONS

The current and intended building energy ratings are:

Keynsham	Aiming for Display Energy Certificate (DEC) A rating, which includes the use of photo voltaic (PV) power generation on the roof and an energy efficient design throughout to minimise power and water consumption.
Emerson's Green	Design detail will surpass the requirements of Building Regulations in terms of thermal performance PVs have been accommodated on the core roof and has been designed to achieve a 'Very Good' rating under BREEAM. Target Energy Performance Certificate (EPC) Rating B.
Police HQ	The main administration building was given a DEC D rating in 2015. EPCs have also recently been completed on a number of HQ buildings ahead of the implementation of a solar PV project and all were given a D rating. Please note that the Operations Building, which is the building offered to us, has not completed either an EPC or DEC as it's not a publicly accessed building. However, this could be completed if required by the Authority.

It should be noted that staff consultations indicate that there will be a significant increase in travel distances and fuel consumption to the Portishead site. However, AF&RS will produce a sustainability plan to identify way to improve this impact.

CRIME AND DISORDER REDUCTION IMPLICATIONS

Whilst AF&RS already works with partner agencies on reducing Crime and Disorder it is clear that a move to Police HQ at Portishead presents more opportunity to work closely together on these matters.

HEALTH & SAFETY IMPLICATIONS

It is recognised that significant change for the staff working at Headquarters and the perceived threats about job security can result in pressure or stress. Where possible, we are trying to alleviate this by having a change management plan and a communication strategy, holding communication events and asking staff for their opinion on matters that affect them. We have a dedicated HR professional supporting the project. We will speak to staff individually when necessary and address concerns as and when they arise.

EQUALITY & DIVERSITY IMPLICATIONS

There are impact assessments in place and these are regularly updated. These examine the practical/physical implications and requirements of a move but also the impact on staff and their personal circumstances. For example, each option will impact on those staff with caring responsibilities.

List of background documents:

Corporate Plan (2011-2015),
AF&RS IRMP Action Plan (2012 – 2015)
Sir Ken Knight's Facing the Future
HM Government Consultation on Enabling Closer Working between the
Emergency Services
NLGN's Fire Works
CFOA's A Service for the Future
Fire and Rescue, Bulletin number: 23, 5 January 2016

Report Contact(s): DCO Lorraine Houghton Ext 234

MEETING:	AVON FIRE AUTHORITY
MEETING DATE:	5 FEBRUARY 2016
REPORT OF:	CHIEF FIRE OFFICER / CHIEF EXECUTIVE
SUBJECT:	ANNUAL REVIEW OF REMUNERATION OF THE CHIEF FIRE OFFICER/CHIEF EXECUTIVE

SUMMARY

The Fire Authority's Pay Policy Statement contains a commitment to undertake a review of the salaries of senior managers on an annual basis.

This is also commensurate with the recommendations of the National Joint Council (NJC) for Brigade Manager of Local Authority Fire and Rescue Services (The 'Gold Book').

RECOMMENDATIONS

1. That no local change is made to the salaries of 'Gold Book' staff for 2016/17
2. That Members of staff conditioned to the 'Gold Book' will receive any national going-rate increase agreed by the NJC for Brigade Managers for 2016-17
3. The Pay Policy Statement for 2016/17 will reflect the recommendations above, if agreed by Members.

BACKGROUND

CONTRIBUTION TO KEY POLICY PRIORITIES

This report reflects the requirements of the Fire Authority's Pay Policy, the requirements of the Localism Act 2011, and the recommendations of the NJC for Brigade Managers of Local Authority Fire & Rescue Services.

FINANCIAL IMPLICATIONS

The financial implications of a 1% increase in the salaries of Senior Officer's represents a cost of £7,000 p.a.

LEGAL IMPLICATIONS

The Fire Authority is obliged to publish a Pay Policy Statement. Any changes approved would be reflected in the 2016/17 Policy for formal approval and publication by the Fire Authority.

EQUALITY & DIVERSITY IMPLICATIONS

All senior managers are now working to the Conditions of Service of the National Joint Council for Brigade Managers of Local Authorities (Gold Book). The Pay Policy, if agreed, would reflect a best practice approach to equal pay.

CORPORATE RISK ASSESSMENT

Members may want to consider the salary level of the Senior Officers from a retention and recruitment perspective.

ENVIRONMENTAL/SUSTAINABILITY IMPLICATIONS

None.

HEALTH & SAFETY IMPLICATIONS

None.

List of background documents:
Pay Policy Statement
Report Contact(s): Kevin Pearson, Chief Fire Officer/Chief Executive #233

AVON FIRE AUTHORITY

MEETING:	AVON FIRE AUTHORITY
MEETING DATE:	5 th February 2016
REPORT OF:	Chief Fire Officer / Chief Executive
SUBJECT:	Emergency Services Mobile Communications Programme (ESMCP)

SUMMARY

The attached document is to provide Avon Fire Authority (AFA) with the information they require to make an informed decision about their participation in the Emergency Services Mobile Communications Programme (ESMCP) which will deliver a new Emergency Services Network (ESN).

The document (Appendix A) provides summary information about the Programme rationale and its benefits for the fire and rescue service from both an operational and financial perspective. In particular the attached:

- Provides an explanation of the Programme's transition and steady states and the financial implications involved,
- Provides an indication about the likely costs for AFA of the ESN through its steady state up to 2032,
- Highlights where there may be scope for additional efficiencies by AFA,
- Demonstrates that the potential alternatives to participation in ESMCP carry significant risks for AFA both from a financial and operational perspective,
- Asks AFA to provide the Department for Communities and Local Government (DCLG) with a decision about whether AFA intends to participate in the ESMCP going forward.

Fire and Rescue Service transition on to the new ESN is due to begin with the mobilisation phase in 2016 and will be complete by January 2020 by which time all FRSs will be in a steady state. The steady state will last until the end of the financial year 2032 by which point a retendering of the contracts will have taken place.

DCLG is currently not mandating take up of ESMCP, it is strongly recommending that FRAs sign up to the system, both from a financial perspective (the fire service as a whole stands to make significant savings of approximately £80m) but also from an operational perspective.

RECOMMENDATION(S)

- i) Members note the report and the attached document at Appendix A.
 - ii) Members are requested to authorise the Chief Fire Officer to sign off the document at Annex A to demonstrate a commitment to the programme.
-

CONTENTS

BACKGROUND

ESMCP is a cross-government programme to replace the existing mobile communications service for the three emergency services (Firelink for the FRS) with a new commercial system based on 4G.

Overall the objectives of ESMCP are to be:

- **Better** with integrated broadband data services; public service functionality; national coverage and high availability.
- **Smarter** to be more flexible, to evolve and improve over time, pay only for features required by users.
- **Cheaper** to address budget pressures, re-competed regularly to leverage market forces.

Current contracts for the three services (provided by Airwave) expire between 2016 and 2020 and cannot readily be extended. As such there will be no Airwave Firelink service from 2020 meaning that now is a good time to procure an alternative system.

In addition to above, the three emergency services are increasingly requiring broadband data (not just voice communications) to support operational transformation. This cannot be met by current Airwave technologies.

The intended scope of ESMCP will include 44 police forces, 50 fire and rescue services (including those in Scotland and Wales) and 13 Ambulance Trusts. A range of other civil contingency user organisations will also join ESMCP as second tier users. Overall this means that the system is likely to have approximately 300,000 users.

ESMCP will incur some significant transition costs as Avon Fire and Rescue Service move from one communications system to another. In order to help achieve a smooth and effective transition, DCLG has made a commitment to support AFA in the cost of transition.

As the document suggests, DCLG are not yet in a position to confirm funding on an individual basis and details regarding the individual costs of transition will be provided over the first two quarters of 2016. However, a total of £50.4m will be made

available to fund transition. DCLG requires a commitment from AFA prior to providing transition funding hence it was deemed prudent to provide the indicative costs at the earliest opportunity (Section 5 Appendix A).

Elected Members will note that Avon Fire and Rescue Service are not due to commence roll-out until March 2019. During this transition AFA will continue to pay the costs of Firelink (and receive the associated New Burdens Grant) until the point at which transition is completed and no longer require a connection to Airwave (except for interworking in instances of mutual aid).

DCLG will provide funding for:

- Local Transition Support
- Control Rooms and PSN
- Vehicle Installation
- Devices
- Regional Implementation Managers

The Government considered a range of options for updating emergency service communications as part of the Outline Business Case for ESMCP (these are summarised on Appendix B.) The result of this options analysis was that ESMCP (an enhanced commercial Long-Term Evolution network) provided a compelling case going forward. ESMCP will provide a system that is:

- Robust, interoperable and contains data capabilities
- Smart in that it only charges only for what is used
- Cheaper overall than the existing system
- Contains scope for future efficiencies as it is linked to a commercial system.

In deciding whether to go ahead with ESMCP, Elected Members will need to be aware that maintaining the status quo Airwave system will not be an option. Airwave is due to come to an end in 2019 (with scope for a further one year contractual extension until 31 December 2020).

As such a change in communication system will need to take place regardless of whether an AFA decides to sign up to ESMCP or not. Furthermore it will be important in making a decision about ESMCP that AFA which have a formal relationship with other FRAs (such as the sharing of a Control Room) ensure that they have regard to what their partner organisations intentions are and the potential impact that this might have on future working relationships.

DCLG will require a formal response from AFA's Chief Fire Officer regarding whether or not they intend to migrate onto the new Emergency Services Network as part of the ESMCP. This will allow DCLG to have the assurance it needs to be able to distribute the required funding for transition in line with the Programme

timescales. A draft confirmation letter to be signed and returned to DCLG no later than Friday 25th March 2016 is attached at Annex A of Appendix A.

CONSIDERATIONS

CONTRIBUTION TO KEY POLICY PRIORITIES

The introduction and support of ESMCP clearly contributes to supporting our mission:

To improve public safety through preventing, protecting and responding.

In addition ESMCP supports:

Aim one – Making the Avon area safer by preventing, protecting and responding.

Aim two – Becoming more efficient, effective and economical.

It also contributes to the final strategic aim to a lesser extent:

Aim three – Continuing to ensure our staff are well supported and their health, safety and welfare is a priority.

FINANCIAL IMPLICATION

There is scope within the programme for AFA to make efficiencies which will reduce the communication Bill (the attached document page 9 Section 5 - The Indicative Financial Figures for AFA refers).

LEGAL IMPLICATIONS

As such, whilst DCLG is currently not mandating take up of ESMCP, it is strongly recommending that FRAs sign up to the system, both from a financial perspective (the fire service as a whole stands to make significant savings of approximately £80m) but also from an operational perspective.

EQUALITY & DIVERSITY IMPLICATIONS

None

CORPORATE RISK ASSESSMENT

The primary objective of ESMCP is to deliver mobile voice & Data communications for the three emergency services and potentially for other public sector bodies.

The ESMCP programme will lead to procurement to replace the current Airwave contracts which form the core of current emergency service provision and potentially multiple additional contracts which support additional voice and data service today.

CR6 – Control & Mobilising

ENVIRONMENTAL/SUSTAINABILITY IMPLICATIONS

None

HEALTH & SAFETY IMPLICATIONS

None at the present time. During roll-out risk assessments will be required for work undertaken to fit the devices and install communication equipment at various locations.

List of background documents: <i>(Attached - Emergency Services Mobile Communications Programme (ESMCP))</i>

Report Contact(s): ACFO Mick Dixon - Service Delivery (ext 386) Group Manager Andy Willcocks (Control ext 611)

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**Emergency Services
Mobile Communications
Programme (ESMCP)**

**Fire and Rescue
Authorities Financial
Information and Sign Off
Pack**

Avon FRA

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1.0 Introduction

- 1.1 The purpose of this pack is to provide Fire and Rescue Authorities (FRAs) with the information they require to make an informed decision about their participation in the Emergency Services Mobile Communications Programme (ESMCP) which will deliver a new Emergency Services Network (ESN.)
- 1.2 DCLG has committed to provide all reasonable transition funding for FRAs moving on to ESN. This process will begin with the mobilisation phase in spring 2016. As such, before significant funding is provided to FRAs, DCLG requires Chief Fire Officers (or appropriate individuals) to provide them with a signed commitment that they would like to take up the new service (see Annex A.)
- 1.3 The Pack provides summary information about the Programme rationale and its benefits for the fire service from both an operational and financial perspective. In particular this pack:
- Provides an explanation of the Programme's transition and steady states and the financial implications involved
 - Provides an indication about the likely costs for your FRA of the ESN through its steady state up to 2032
 - Highlights where there may be scope for additional efficiencies by FRAs
 - Demonstrates that the potential alternatives to participation in ESMCP carry significant risks for FRAs both from a financial and operational perspective
 - Asks FRAs to provide the Department for Communities and Local Government (DCLG) with a decision about whether your FRA intends to participate in the ESMCP going forward.
- 1.4 DCLG believes that the ESMCP provides the best solution for updating and enhancing the Fire Service's emergency communications system. From a financial perspective it is cheaper overall when compared to Firelink costs, saving the Fire Service some £80m up to 2032. In addition the ESMCP allows Fire and Rescue Services (FRSs) to make further efficiencies by reconfiguring data and connections to suit their specific needs and by deciding on the scale and timing of device refresh. Further savings are likely to be made in the future as the new ESN is linked to commercial providers and as such tenders will take place in a competitive environment rather via a monopoly provider (as is the case at the moment.) Furthermore DCLG will support FRSs with the cost of transition, removing a potentially costly barrier. From an operational perspective DCLG believes the new system will be more interoperable, resilient and will support data functions better than the current system. It will also be better able to respond to innovations in the mobile communications market as it is linked to commercial providers.

2.0 Assumptions

- 2.1 This paper uses a number of assumptions to calculate the annual costs of ESN for your individual FRA. It is important to stress that the figures within this pack are indicative. Whilst we believe that the figures in this pack provide a good representation of the likely costs involved, in reality the final figures for an FRA will depend on a range of local decisions (such as configuration of data and connections and device refresh.)
- 2.2 The assumptions within this pack (such as the timeline for transition and the costs for Airwave) derive from the Programme's Full Business Case. If you would like to discuss these assumptions, please do not hesitate to contact the DCLG Policy Team at chris.hall@communities.gsi.gov.uk.
- 2.3 The figures for devices, connections and vehicle installations and fit-outs have been derived from the As-Is2 survey which the Home Office collected in April 2014. Whilst DCLG believes that this survey gives a good indication of costs, we understand that some changes are likely to occur (or have occurred) before mobilisation begins in 2016. The Programme will undertake a more up to date survey prior during spring 2016.

3.0 ESMCP Background

- 3.1 ESMCP is a cross-government programme to replace the existing mobile communications service for the three emergency services (Firelink for the FRS) with a new commercial system based on 4G.
- 3.2 Overall the objectives of ESMCP are to be:
- **Better** with integrated broadband data services; public service functionality; national coverage and high availability.
 - **Smarter** to be more flexible, to evolve and improve over time, pay only for features required by users.
 - **Cheaper** to address budget pressures, re-competed regularly to leverage market forces.
- 3.3 There are three strategic drivers that are influencing the scope and timing of ESMCP's development. These are that:
- Current contracts for the three services (provided by Airwave) expire between 2016 and 2020 and cannot readily be extended. As such there will be no Airwave Firelink

service from 2020 meaning that now is a good time to procure an alternative system.

- The current Airwave Firelink service is already significantly more expensive than similar public safety systems in Europe and price trends for publically available mobile telephony.
- Users within the three emergency services are increasing requiring broadband data (not just voice communications) to support operational transformation. This cannot be met by current Airwave technologies.

3.4 The intended scope of ESMCP will include 44 police forces, 50 fire and rescue services (including those in Scotland and Wales) and 13 Ambulance Trusts. A range of other civil contingency user organisations will also join ESMCP as second tier users. Overall this means that the system is likely to have approximately 300,000 users.

3.5 FRS transition on to the new ESN is due to begin with the mobilisation phase in 2016 and will be complete by January 2020 by which time all FRSs will be in a steady state. The steady state will last until the end of the financial year 2032 by which point a retendering of the contracts will have taken place.

3.6 DCLG recognises that Fire communications systems continue to be the responsibility of each individual FRA. However central government has a strong interest in ensuring that the country is fully prepared to deal with civil contingency issues. As such the Government believes that it is important to have in place a communications system that enables inter-working across boundaries and between the three emergency services. Furthermore the Government believes it is important to ensure that emergency services communications are robust and resilient, using the latest technology to aid the delivery of a more effective service.

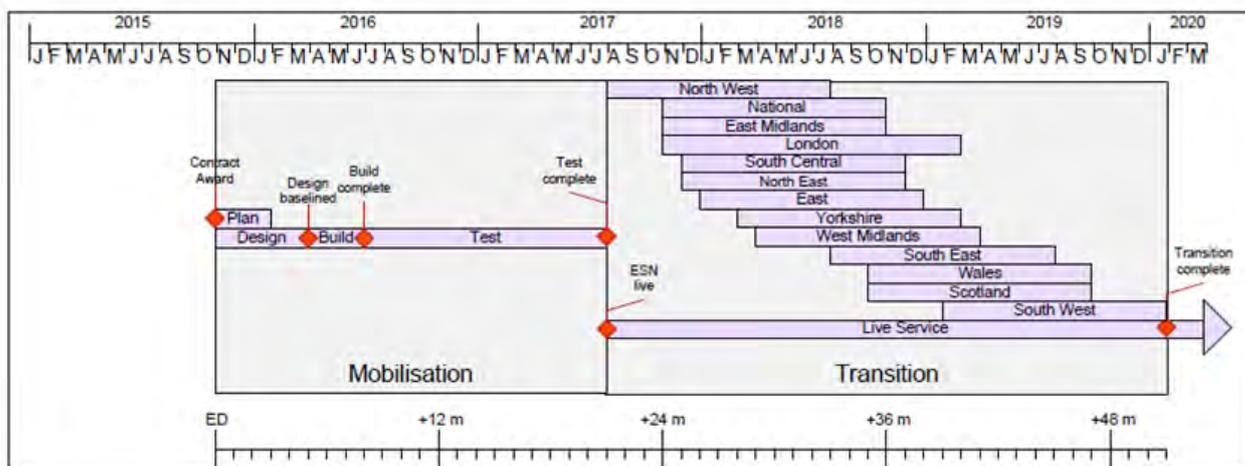
3.7 As such, whilst DCLG is currently not mandating take up of ESMCP, it is strongly recommending that FRAs sign up to the system, both from a financial perspective (the fire service as a whole stands to make significant savings of approximately £80m) but also from an operational perspective.

4.0 The Financial Rationale

4.1 The delivery and realisation of the new Emergency Services Network via ESMCP will take place in two major stages. These will be a transition stage whereby FRs will prepare for and undertake the switch to ESN and the steady state stage whereby FRs will be fully utilising the ESN.

Transition Stage

4.2 The table below provides an indicative timetable regarding how and when the mobilisation and transition process will operate.



4.3 As with many significant change programmes, ESMCP will incur some significant transition costs as Fire Services move from one communications system to another. In order to help achieve a smooth and effective transition, DCLG has made a commitment to support FRAs in the cost of transition. Whilst we are not yet in a position to confirm funding on an individual basis, a total of £50.4m will be made available to FRAs to fund transition.

4.4 Details regarding the individual costs of transition will be provided over the first two quarters of 2016. However as DCLG requires a commitment from FRAs prior to providing transition funding, it was deemed prudent provide the indicative costs at the earliest opportunity.

4.5 During their transition FRAs will continue to pay the costs of Firelink (and receive the associated New Burdens Grant) until the point at which they have completed transition and no longer require a connection to Airwave (except for interworking in instances of mutual aid.) Once an FRS has completed its transition it will then begin paying for the

ESN service, benefitting from the greater functionality this provides, and in most cases, a lower cost. It is therefore in an FRA's interest to facilitate a timely completion of transition in order to benefit from reduced costs of ESN. There will be no period when an FRA will be paying for both Airwave and ESN.

4.6 DCLG will provide funding for:

4.7 Local Transition Support – DCLG has previously agreed with Fire Customer Group the funding for Local Transition Support. This includes roles such as local project managers, control room managers and training. We would encourage local collaboration within transition regions and would welcome a lead authority model. Grant Payment would be made on an annual basis by Section 31.

4.8 Control Rooms and PSN – Due to the degree of variation in Control Room solutions, as part of the future control room scheme, and therefore the path for upgrade required for ESMCP, it is appreciated that there is not likely to be any simple, one size fits all calculation for splitting transition grant. As such, it is our intention to request bids for control room upgrades, based on quotes received following engagement with suppliers, in the new year with a view to agree funding at the appropriate stage. FRAs and Control Room Partnerships would be expected to make reasonable bids, with a focus on completing all control room upgrades required to deliver ESN functionality by commencement of transition.

4.9 Vehicle Installations – DCLG and the Programme have made an estimate on the anticipated cost for Vehicle Installations. We would propose to fund FRAs (proportionately) on the basis of the number of Fire Appliances. FRAs who intend to collaborate on vehicle installations will then have the flexibility to combine pots or appoint a lead authority.

4.10 Devices – DCLG has committed to fund ESMCP devices, however we also want to encourage flexibility for local decision making within Fire and Rescue Authorities. As such we would seek to provide funds to FRAs for the replacement of existing devices, based on the Programme's calculations. Local FRAs would have the flexibility to purchase from the Device Catalogue at the cost level and in volumes they wish. DCLG will only be providing funding for devices during the transition stage. Individual FRAs will have the flexibility to determine their own device refresh in steady state (although the indicative costs provided in this paper include a full refresh taking place over a five/six year period.)

4.11 Regional Implementation Managers – In addition to the above funding for Local Transition Support the Department will be funding a Regional Implementation Manager

for each of the 10 Regions in England. They will be required to coordinate the transition of FRS and they will be responsible for monitoring and ensuring the core elements of the programme are delivered locally, but not the Non-Core (Vehicle Fit outs, Devices, Control Room upgrades).

- 4.12 Over the next few months DCLG will put in place a process for receiving bids for Control Room and PSN upgrades, with a view to begin receiving bids in 2016. For the other elements of Transition Funding we would intend to work with the Programme and Delivery Partner to confirm how many vehicle fit-outs and replacement devices (either Handheld or Vehicle) are required.

Steady State Stage

- 4.13 Overall the Programme estimates that ESN will produce at least an £80m saving to English Fire and Rescue Authorities nationally between 2020 and 2032. This indicates a strong value for money case for ESN. Furthermore the vast majority of FRAs will make a saving on the costs they were paying for the Airwave system. As such, DCLG believes that this saving combined with the support for transition costs makes a compelling case for FRA sign up.
- 4.14 However, there are a few FRAs (usually those authorities that have enjoyed generous subsidies for Airwave) who will see their individual costs rise. In most of these cases, FRAs will only see a small rise, however for a few it may be more significant.
- 4.15 There is however scope within the programme for an FRA to make efficiencies which will reduce their individual bill – meeting a long term wish of FRSs which have had fixed-price bills under Firelink. Non-Core costs (i.e. those for connections and data usage) are locally driven. In other words, an FRA will only pay for what they use. As such there may be scope to make savings on data and connection charges by reconfiguring devices to suit the specific needs of a particular fire service. Furthermore, the scale and timing of any device refresh will be up to individual services (the model at 5.0 provides for a full refresh of devices in the steady state, the cost of which would fall to the FRS.)
- 4.16 In order to help those FRAs that will see their individual costs rise, an element of tapering has been included within the modelling/indicative costs for the Core element on a declining basis (75%, 50%, 25%) for the first 3 years of ESN. This will mean that those FRAs affected by higher costs will not see a sudden rise but rather a gradual increase.

5.0 The Indicative Financial Figures for your FRA

Indicative ESN Costs to Avon FRA

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Core	£-	£12,252	£76,371	£78,678	£88,458	£95,262	£97,229	£99,469	£101,755	£104,088	£106,469	£108,899	£111,380	£112,188
Data	£-	£3,618	£21,878	£24,438	£24,359	£24,359	£24,359	£24,359	£24,359	£24,359	£24,359	£24,359	£24,359	£24,359
Devices	£-	£-	£-	£-	£6,855	£15,849	£3,763	£59,169	£43,982	£14,491	£17,498	£2,252	£-	£-
Total	£-	£15,871	£98,250	£103,116	£119,672	£135,469	£125,351	£182,996	£170,095	£142,937	£148,326	£135,510	£135,738	£136,547

Indicative Airwave Costs to Avon FRA over same period – [Please note Airwave cannot continue post Dec-2020 at the latest]

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Airwave	£-	£29,786	£220,557	£224,968	£229,468	£234,057	£238,738	£243,513	£248,383	£253,351	£258,418	£263,586	£268,858	£274,235

Indicative Net Saving/Cost to Avon FRA

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Net Saving / Cost of ESN	£-	£(13,916)	£(122,307)	£(121,852)	£(109,796)	£(98,588)	£(113,388)	£(60,517)	£(78,288)	£(110,414)	£(110,092)	£(128,077)	£(133,120)	£(137,689)

6.0 Issues with Alternatives to ESMCP

6.1 Whilst DCLG is currently not mandating the take up of ESMCP, it is strongly recommending that FRAs sign up to the system both from a financial and operational perspective.

6.2 The Government considered a range of options for updating emergency service communications as part of the Outline Business Case for ESMCP (these are summarised at **Annex B**.) The result of this options analysis was that ESMCP (an enhanced commercial Long-Term Evolution network) provided a compelling case going forward. ESMCP will provide a system that is:

- Robust, interoperable and contains data capabilities
- Smart in that it only charges only for what is used
- Cheaper overall than the existing system
- Contains scope for future efficiencies as it is linked to a commercial system.

6.3 In deciding whether to go ahead with ESMCP, FRAs will need to be aware that maintaining the status quo Airwave system will not be an option. Airwave is due to come to an end in 2019 (with scope for a further one year contractual extension until 31 December 2020) As such a change in communication system will need to take place regardless of whether an FRA decides to sign up to ESMCP or not.

6.4 Furthermore it will be important in making a decision about ESMCP that FRAs which have a formal relationship with other FRAs (such as the sharing of a Control Room) ensure that they have regard to what their partner organisations intentions are and the potential impact that this might have on future working relationships.

6.5 DCLG believes that ESMCP offers the best communications system going forward. As such DCLG will only contribute to transition costs for FRAs moving onto ESMCP as a Tier 1 user. It will not provide any support to FRAs wishing to choose alternative methods of communications.

6.6 The table below highlights a variety of alternatives to ESMCP and an explanation regarding why the Government believes they are not viable when compared to the benefits that ESCMP will bring.

Option	Potential Issues
<p>Do Nothing (Continuation of Airwave)</p>	<ul style="list-style-type: none"> • DCLG’s current contract with Airwave runs out at the end of 2019 (with a possible extension to end of 2020) • As such the Fire Service will need to re-procure a communications service whether or not they are part of ESMCP. • Even if we could continue with Airwave, we would have to incur the higher costs associated with a monopoly provider. • In addition the Airwave system is becoming increasingly outdated – as it is based on voice rather than data communications which are increasingly used by Fire Services.
<p>Procure own 4G Network for your FRA</p>	<ul style="list-style-type: none"> • Likely to be more expensive than joining ESMCP which provides a 4G network and has gained cost efficiencies by negotiating on behalf of a wide range of users. • If provided by an organisation that is different to the ESMCP provider, the network is unlikely to be interoperable with other ESMCP users • The FRA would be responsible for its own procurement and delivery. This risks not having completed the transition to a new system by the time Airwave Firelink contacts end in 2019 or 2020
<p>Become a Tier 2 User within the Programme*</p>	<ul style="list-style-type: none"> • Likely to be more expensive for the FRA over the long term as connection and costs will be higher for Tier 2 users. • There will be no DCLG financial support available for undertaking this option • Will have no influence over Control Rooms going forward • Will need to assess the impact of the relationship with other FRAs with whom they have a formal relationship.
<p>Procure your own Radio (Tetra) System or Revert to Existing Legacy System</p>	<ul style="list-style-type: none"> • There is no guarantee that the procurement and delivery of a new system will be cheaper for an FRA than ESMCP participation • These systems will not be interoperable with other fire services or organisations other using the Emergency Service Network (ESN) • There may be resilience issues if coverage is not as good

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as the new ESN (which will be at least as good as Airwave)

- There will be no financial support from DCLG either for transition or steady state
- Broadband provision will be included. This is increasingly being used for fire services and so an alternative solution will need to be found.
- This system will not be future proofed to take advantage of a developing commercial 4G market.
- The impact on formal Relationships with other FRAs that are using ESN will need to be addressed.

* Apart from the 3ES, there are a significant number of government and other public safety users totalling over 300 organisations all with individual ASL contracts, known as sharers. Under the current ESMCP model these organisations will be known as Tier 2 organisations.

7.0 FRA Required Response to DCLG

- 7.1 DCLG will require a formal response from each FRA's Chief Fire Officer regarding whether or not they intend to migrate onto the new Emergency Services Network as part of the ESMCP. This will allow DCLG to have the assurance it needs to be able to distribute the required funding for transition in line with the Programme timescales.
- 7.2 A draft confirmation letter to be signed and returned to DCLG is attached at **Annex A**. In order to ensure that payments are made promptly we would ask that DCLG receive this letter no later than Friday 25th March 2016.

8.0 Next Steps

- 8.1 Between January and March 2016 members of the ESMCP Policy Team within DCLG shall arrange a number of meetings with FRAs around the country to discuss their particular ESMCP figures. If you feel that your FRA would benefit from such a conversation or if you have any specific queries about this pack or the sign off procedure, please contact Chris Hall at chris.hall@communities.gsi.gov.uk.
- 8.2 As noted at paragraph 7.2, DCLG require the signed response letter by Friday 25th March 2016.
- 8.3 Following FRA sign up to ESMCP, DCLG will make the appropriate funding payments via a Section 31 grant (subject to legal/financial approvals), in time for the transition arrangements.

Annex A – Sign Off Emails for DCLG

- DCLG has committed to provide all reasonable transition funding for FRAs moving on to ESN. This will begin with the mobilisation phase in spring 2016. As such, before significant funding is provided, DCLG requires Chief Fire Officers (or appropriate individuals) to provide them with a commitment that they would like to take up the new service.
- If your FRA would like to proceed with ESMCP we would be grateful if your Chief Fire Officer (or appropriate person) could sign, scan and email the statement below to DCLG’s Policy Official at chris.hall@communities.gsi.gov.uk by 25th March 2016.
- Alternatively if your FRA does not wish to sign up to the new network, we would be grateful if you could sign, scan and email the alternative statement below to DCLG at the same email address.

Confirmation of Transition to the Emergency Services Network

I can confirm that Avon FRA will transition on to the new Emergency Services Network via the Emergency Services Mobile Communications Programme (ESMCP). I understand that the Department for Communities and Local Government (DCLG) will provide all reasonable transition funding for the Programme between 2016 and 2019.

Signed

Date.....

Chief Fire Officer - Avon FRA

Rejection of the Emergency Services Network

I can confirm that Avon FRA will not transition on to the new Emergency Services Network via the Emergency Services Mobile Communications Programme (ESMCP).

Signed

Date.....

Chief Fire Officer - Avon FRA

Annex B - Overview of Options for Replacement of Emergency Services Communications.

Economic Option	Description
Option1 – Do Nothing	Existing Airwave contracts naturally expire. No central involvement in procurement of replacement services.
Option 2– Continue with a TETRA network (Do minimum)	Procure a private TETRA network with public safety voice and narrow-band data augmented by locally-procured operational broadband data services. This requires 400MHz spectrum which is not available until 2020
Option 3 –Build a new private LTE network	Procure a private LTE network with public safety voice and broadband data services. This requires 700MHz spectrum which is unlikely to be available until 2020
Option 4 – Enhanced Commercial LTE Service*	Transition to a commercial LTE network when Airwave contracts expire. Additional procurement of necessary public safety features to enhance the network

*From the ESMCP Outline Business Case – “The cost benefit analysis concludes that Option 4 is the preferred option on the basis that it represents the highest Net Present Value. Option 4 also provides the most non-financial benefits and critically delivers the non-financial benefits of interoperability required to meet the Programme’s objectives”