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Tuesday,
14 February 2017
10.30 am

Meeting of
Fire Authority
Fire Service HQ
Winsford

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Cheshire Fire Authority
Notes for Members of the Public

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The Agenda is usually divided into two parts. Members of the public are allowed to stay for the first part. When the Authority is ready to deal with the second part you will be asked to leave the meeting room, because the business to be discussed will be of a confidential nature, for example, dealing with individual people and contracts.

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MEETING OF THE FIRE AUTHORITY
TUESDAY, 14 FEBRUARY 2017
Time : 10.30 am
Lecture Theatre - Fire Service Headquarters, Winsford, Cheshire

AGENDA

Part 1 - Business to be discussed in public

1 PROCEDURAL MATTERS

1A Recording of Meeting
Members are reminded that this meeting will be audio-recorded.

1B Apologies for Absence

1C Chair's Announcements
To receive any announcements that the Chair wishes to make prior to the commencement of the formal business of the meeting.

1D Declaration of Members' Interests
Members are reminded that the Members' Code of Conduct requires the disclosure of Statutory Disclosable Pecuniary Interests, Non-Statutory Disclosable Pecuniary Interests and Disclosable Non-Pecuniary Interests.

1E Minutes of Fire Authority (Pages 1 - 8)
To confirm as a correct record the minutes of the Fire Authority Meeting held on 7th December 2016.

1F Minutes of Brigade Managers' Pay and Performance (Pages 9 - 10)
To receive, for information, the minutes of the Brigade Manager's Pay and Performance meeting held on 10th January 2017.

1G Minutes of Policy Committee
The meeting of the Policy Committee scheduled for 25th January 2017 was cancelled.

1H Minutes of Governance and Constitution Committee
To receive, for information, the minutes of the Governance and Constitution Committee meeting held on 8th February 2017. **(Minutes to follow.)**

1I Minutes of Staffing Committee (Pages 11 - 12)
To receive, for information, the minutes of the Staffing Committee meeting held on 7th December 2016.

1J **Notes of the Member Training and Development Group** (Pages 13 - 16)
To receive, for information, the notes of the Member Training and Development Group meeting held on 13th December 2016.

ITEMS REQUIRING DISCUSSION / DECISION

2 **Draft Budget, Council Tax Precept and Medium Term Financial Plan 2017-18** (Pages 17 - 46)

3 **Treasury Management Strategy and Practices 2017-18** (Pages 47 - 76)

4 **Integrated Risk Management Plan 2017-18 (IRMP 14)** (Pages 77 - 84)

5 **Pay Policy Statement 2017-18** (Pages 85 - 94)

6 **Equality, Diversity and Inclusion Strategy 2017-2020** (Pages 95 - 122)

7 **Members' Allowances Scheme**
This report will follow. Governance and Constitution Committee is considering a report on this subject at its meeting on 8th February 2017 and will make recommendations to the Fire Authority. The reports being considered by Governance and Constitution Committee can be accessed on the Fire Authority's website.

8 **Removal of Policy Committee**
This report will follow. Governance and Constitution Committee is considering a report on this subject at its meeting on 8th February 2017 and will make recommendations to the Fire Authority. The reports being considered by Governance and Constitution Committee can be accessed on the Fire Authority's website.

9 **Involvement of the Police and Crime Commissioner for Cheshire in Cheshire Fire Authority**
This report will follow. Governance and Constitution Committee is considering a report on this subject at its meeting on 8th February 2017 and will make recommendations to the Fire Authority. The reports being considered by Governance and Constitution Committee can be accessed on the Fire Authority's website.

Items 7-9 can be accessed via the following link:
Governance and Constitution Committee Agenda - 8 February 2017

PART 2 - BUSINESS TO BE DISCUSSED IN PRIVATE

MINUTES OF THE MEETING OF THE FIRE AUTHORITY held on Wednesday, 7 December 2016 at – Fire Service Headquarters, at 10.30 am

PRESENT: Councillors D Bailey, P Booher, H Deynem, A Dirir, D Flude, P Harris, E Johnson, D Mahon, D Marren, J Mercer, G Merry, L Morgan, K Mundry, S Nelson, S Parker, B Rudd, J Saunders, T Sherlock, M Simon, M Tarr, J Weatherill and S Wright

1 PROCEDURAL MATTERS

At the beginning of the meeting the Chair proposed that Item 11: Proposals Relating to Chester Fire Station should be considered at the start of the meeting. Members were content with this change to the order of business. Members excluded the press and public (Item 10) and dealt with Item 11 after Procedural Matter 1B and then reverted to the agenda.

A Recording of Meeting

Members were reminded that the meeting would be audio-recorded.

B Apologies for Absence

An apology for absence was received from Councillor R Polhill.

C Chair's Announcements

The Chair asked Members to note the content of the Chair’s Announcements which included details of the Authority’s achievements and events Members had attended since the Authority’s last meeting in September. It also included dates for Members diaries for forthcoming events in December and the New Year.

The Chair also introduced and welcomed the Police and Crime Commissioner for Cheshire, Mr David Keane, who attended the meeting to observe as a visitor.

D Declaration of Members' Interests

There were no declarations of Members’ interests.

E Minutes of Fire Authority Meeting

RESOLVED:

That the minutes of the meeting of the Fire Authority held on 21st September 2016 be approved as a correct record.

F **Minutes of Policy Committee**

The meeting of the Policy Committee scheduled for 14th September 2016 was cancelled.

G **Minutes of Performance and Overview Committee**

RESOLVED:

That the minutes of the Performance and Overview Committee held on the 16th November 2016 be received, for information.

H **Minutes of Governance and Constitution Committee**

RESOLVED:

That the minutes of the Governance and Constitution Committee held on 5th October 2016 be received, for information.

Matters Arising: Item 2 – Dispensations

Since this decision was made, Councillor Deynem had indicated that he wished to benefit from the dispensations agreed for both the Council Tax precept and Members' Allowances Scheme. The Fire Authority were asked if they would extend the dispensations made by the Governance and Constitution Committee to include Councillor Deynem.

RESOLVED:

That the decision to grant dispensations allowing Members to take part in debates and votes concerning the setting of the Council Tax precept and approval of the Members' Allowances Scheme be extended to include Councillor Deynem.

I **Minutes of Brigade Managers' Pay and Performance Committee**

RESOLVED:

That the minutes of the Brigade Managers' Pay and Performance Committee held on 9th November 2016 be received, for information.

J **Notes of the Member Training and Development Group**

RESOLVED:

That the notes of the Member Training and Development Group meeting held on 4th October 2016 be received, for information.

2 2017-18 DRAFT BUDGET, COUNCIL TAX AND MEDIUM TERM FINANCIAL PLAN

The Head of Finance presented the report which advised Members that the Authority was required to approve a budget and set the Council Tax precept for the year commencing 1st April 2017. He informed Members that, for the budget to be approved, the Authority must consider all relevant factors. These included the likely impact of policy options on the Authority, the prevailing economic climate and the impact of anticipated future grant reductions.

Members were informed that this was the first of two budget reports and that the final report would be considered by the Authority in February 2017. In addition, Members would be asked to consider a range of options to be built into the 2017-18 budget at their planning day on 13th January 2017.

He advised that the report provided background to the financial position of the Authority and referred to the national context, identifying risks that the Authority should take into consideration. It also provided an update on the Authority's funding position, the Medium Term Financial Plan, the Capital Programme and the Authority's reserves.

The Head of Finance concluded that the report reflected the continuing climate of austerity in which all public sector bodies were operating and the difficulty in planning for the future given the level of uncertainty about funding. Members were informed that the bulk of savings required over the life of the latest plan would be from Emergency Response Programmes 1 and 2. Officers were also considering further savings proposals which would, if pursued, involve difficult decisions in future years.

RESOLVED: That

[1] the report and information relevant to the setting of the 2017-18 budget and Medium Term Financial Plan be noted.

3 ANNUAL AUDIT LETTER FOR CHESHIRE FIRE AUTHORITY: YEAR ENDED 31ST MARCH 2016

The Head of Finance informed Members that representatives from Grant Thornton had sent apologies for the meeting and that he would present the report in their absence. He explained that the Annual Audit Letter provided an overall summary of the audit carried out by the External Audit and drew Members' attention to the key messages.

He informed Members that an unqualified audit opinion had been issued together with an unqualified value for money opinion in the Audit Findings report presented to Members on 21st September 2016.

RESOLVED: That

[1] the Annual Audit Letter for Cheshire Fire Authority for the year ended

31st March 2016 be noted.

4 APPOINTMENT OF EXTERNAL AUDITORS

The Head of Finance introduced the report which sought their approval for a process for the appointment of external auditors for 2018-19. He drew Members' attention to the two options that were proposed to appoint an auditor.

The first option required the setting up of an auditor panel, either on its own or jointly with others, to appoint an auditor. The second option required the Authority to opt into the appointing person arrangements made by Public Sector Audit Appointments Ltd (PSAA). He advised Members that the second option was recommended by officers. A timeline was included in the report of the next steps that would be taken if the Authority accepted the recommendation and agreed the second option.

He concluded by explaining that it would not yet be possible to assess the impact of a change in the arrangements on the external audit fee, but that fees had generally fallen significantly in recent years and it would seem likely that a national procurement exercise carried out by PSAA would lead to a lower level of fees.

RESOLVED: That

[1] Option 2 (as outlined in paragraph 8) be approved and the Authority opt in to the appointing person arrangements for appointing the auditor from 2018-19 for a period of 5 years.

5 TREASURY MANAGEMENT- MID YEAR REPORT 2016-17

The Head of Finance introduced the report which provided an update on performance against the Authority's Treasury Management Strategy. He informed Members that the Authority agreed its annual Treasury Management Strategy for 2016-17 at its meeting on 10th February 2016. He updated Members on the Authority's treasury portfolio as at the end of September 2016 and also expanded on investments, borrowing and compliance with Prudential Indicators for 2016-17.

RESOLVED: That

[1] the Treasury Management – Mid Year Report 2016-17 be noted.

6 UNWANTED FIRE SIGNALS - POLICY PROPOSALS

The Head of Protection presented the report which proposed amendments to the Authority's Unwanted Fire Signals (UwFS) policy. He explained that the proposals were in keeping with the plan previously agreed by Members to incrementally change the Service's response to automated fire alarms (AFAs).

He advised Members of the current attendance policy and explained that, for any further reductions to the number of AFAs attended to occur, the policy needed to be reviewed. He reminded Members of the impact on the Service of responding to UwFS, such as appliances being unavailable to respond to genuine life threatening emergencies and the unnecessary risk to staff and other road users of responding to AFAs under blue light conditions.

The Head of Prevention presented two proposals (Option 1 and Option 2) to Members. Option 1 involved non-attendance for all non-domestic buildings during 0900-1700hrs, which would realise a 16.8% reduction based on 2015-16 figures. Option 2 involved non-attendance for all non-domestic, non-sleeping risk premises (extending the current 0900-1700 policy to 24 hours), which would realise a 66.8% reduction based on 2015-16 figures.

A Member queried whether the policy would exclude non-occupied historic buildings. The Head of Protection confirmed that the policy currently excluded non-occupied historic buildings and that the two proposed policy options would also continue to do so.

A Member queried the implications of the policy on public service buildings, with particular reference to schools, and asked whether there would be an increased risk of a serious incident occurring as a result of amending the policy. The Head of Protection informed Member that the most successful way to alleviate the risk of fires in schools was to ensure that sprinklers were fitted. The Deputy Chief Fire Officer advised Members that the Service did not currently attend these premises under the existing policy and reiterated the importance of sprinklers being fitted in these premises. Members discussed methods for ensuring that schools were fitted.

RESOLVED: That

[1] the adoption and implementation of Option 2 to assist the Service in reducing the number of Unwanted Fire Signals be approved.

7 MEMBER DEVELOPMENT STRATEGY 2017-18

The Head of Legal and Democratic Services introduced the report to Members which presented the draft Member Development Strategy for 2017-18. The Chair of the Member Training and Development Group (MTDG) updated Members with progress on training for the current year and the proposals for next year. The Member Training and Development Group would be developing a role/job description for Fire Authority Members and reviewing the information provided to constituent authorities to raise awareness of the commitment required from Fire Authority Members.

The Chair of the Member Training and Development Group also reminded Members of the importance of attending induction and training sessions to gain an understanding of the Authority, particularly in light of the forthcoming Fire Reform Programme.

RESOLVED: That

[1] the Member Development Strategy 2017-18 be approved.

8 TIMETABLE OF MEETINGS 2017-18

The report provided Members with details of the proposed programme of meetings for the Fire Authority for 2017/18 for approval.

Meetings were scheduled to tie in with relevant dates for budgetary and policy requirements and to satisfy the requirements of the Fire Authority's constitution. The 2017-18 timetable also included dates for a number of additional Member meetings and planning days to assist Members with diary planning for the coming year.

RESOLVED: That

[1] the programme of Member meetings for 2017-18 be approved.

9 BLUE LIGHT COLLABORATION - FURTHER CHANGE TO SCOPE

The Head of Legal and Democratic Services provided an update for Members on proposals to further change the scope of the Blue Light Collaboration (BLC) Programme.

He advised Members that the BLC Programme included a requirement to deliver a joint vehicle workshop at Clemonds Hey. However, after a great deal of work the following conclusions had been reached: the creation of a joint workshop would involve some compromises for police and fire; it would be costly to create; and savings would be minimal. Therefore, officers recommended to Members that the joint vehicle workshop should be removed from the BLC Programme and the facility should be retained at Sadler Road.

RESOLVED: That

[1] the creation of a joint vehicle workshop be removed from the BLC Programme; and

[2] the facility at Sadler Road be retained and workshop staff remain as Fire Authority employees.

10 EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That under Section 100(A) (4) of the Local Government Act 1972, as amended by the Local Government (Access to Information) Order 2006, the press and public be excluded from the meeting for the item of business listed below on the grounds that it involves the likely disclosure of exempt information as defined in Schedule 12A to the Act in the paragraph indicated:

Item 11: Proposals Relating to Chester Fire Station

Paragraph

(3) Information relating to the financial or the business affairs of any particular person (including the authority holding that information)

11 PROPOSALS RELATING TO CHESTER FIRE STATION

The Head of Legal and Democratic Services presented the report to Members which contained details of various options for the potential redevelopment of the Chester Fire Station site.

RESOLVED: That

[1] officers be authorised to negotiate and conclude an agreement with the developer based on the approach in Option 2 as described in the report to the Fire Authority of 21st September 2016 upon terms that satisfactorily deliver the Authority's requirements.

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MINUTES OF THE MEETING OF THE BRIGADE MANAGERS' PAY AND PERFORMANCE COMMITTEE held on Tuesday, 10 January 2017 at P O Conference Room - Fire Service Headquarters, Winsford, Cheshire at 2.00 pm

PRESENT: Councillors B Rudd, S Nelson, G Merry, S Parker and M Tarr

1 PROCEDURAL MATTERS

A Apologies for Absence

Apologies for absence were received from Councillors D Flude and E Johnson.

B Declaration of Members' Interests

There were no declarations of interest.

C Minutes of the last meeting

RESOLVED: THAT
The minutes of the meeting of the Brigade Managers' Pay and Performance Committee, held on 9th November 2016, be confirmed as an accurate record.

2 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: That
Under Section 100(A) (4) of the Local Government Act 1972, as amended by the Local Government (Access to Information) Order 2006, the press and public be excluded from the meeting for the item of business listed below on the grounds that it involves the likely disclosure of exempt information as defined in Schedule 12A to the Act in the paragraph indicated.

Item 3
2017 Principal Officer Remuneration Review

Paragraph
(1) Information relating to any individual

3 2017 PRINCIPAL OFFICER REMUNERATION REVIEW

The Independent HR consultant presented his report to Members which provided details of the process followed in the 2017 Brigade Manager remuneration review.

The Independent HR consultant informed Members that there was a contractual requirement to review the remuneration arrangements of the Chief Executive/Head of Paid Service in the role of 'Chief Fire Officer' and its other Principal Officers (Brigade Managers) under the two track approach to pay and conditions, defined in paragraphs 10 and 11 of the *'NJC for Brigade Managers of Local Fire and Rescue Services; Constitution and Schemes and Conditions of Service'* (the Gold Book).

Members had previously agreed that remuneration levels of Brigade Managers should be reviewed annually to ensure that the packages reflected current market factors and were set at a fair and appropriate rate.

The HR consultant presented a series of datasets to Members at the meeting and also provided a detailed presentation in respect of the review which included details of background research regarding the remuneration packages of Principal Officers in the UK.

RESOLVED: THAT

[1] an increase in base salary of 2% is to be applied to the salaries of the Principal Officers posts from 1st January 2017, in recognition of the additional responsibilities and operational cover requirements placed on the Chief Fire Officer and Chief Executive and Deputy Chief Fire Officer as a consequence of the 2016 Principal Officers restructure;

[2] Under the two track approach no local award be given to increase base salaries for 2017; and

[3] A non-pensionable recognition payment equal to 3% of base salary be awarded in recognition of the performance, commitment and leadership shown by the CFO/CE and DCFO during 2016.

MINUTES OF THE MEETING OF THE STAFFING COMMITTEE held on Wednesday, 7 December 2016 at Meeting Room 1 - Fire Service Headquarters, Winsford, Cheshire at 12.30 pm

PRESENT: Councillors B Rudd, S Nelson, D Flude and G Merry

1 PROCEDURAL MATTERS

A Apologies for Absence

No apologies were received for this meeting.

B Declaration of Members' Interests

There were no declarations of Members' interests.

C Minutes of the last meeting

RESOLVED: That

The minutes of the meeting of the Staffing Committee held on 28th June 2016 be approved as a correct record.

2 EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That under Section 100(A) (4) of the Local Government Act 1972, as amended by the Local Government (Access to Information) Order 2006, the press and public be excluded from the meeting for the items of business listed below on the grounds that they involve the likely disclosure of exempt information as defined in Schedule 12A to the Act in the paragraphs indicated.

Business to be discussed in private:

Item
Item 3: Re-Employment – Technical Fire Safety Officer

Paragraph
(1) Information relating to any individual
(2) Information that is likely to reveal the identity of an individual

3 RE-EMPLOYMENT - TECHNICAL FIRE SAFETY OFFICER

The Head of People and Development introduced this report which sought approval to appoint an individual to a Technical Fire Safety Officer (TFSO) position following his retirement from Cheshire Fire and Rescue Service.

The Head of People and Development provided Members with a summary of the recruitment and selection process that had taken place and the business case in support of the appointment.

Members discussed the appointment and asked officers for re-assurance as to the Authority's position in relation to the re-employment of the retiring individual. Members were satisfied that officers had provided assurance that the requirements of the Re-Employment and Pension Abatement Policy in respect of re-engagement had been met and agreed that the appointment should be approved.

RESOLVED: That

[1] the appointment of a retired former employee to the role of Technical Fire Safety Officer on a part time basis be approved.

NOTES OF THE MEETING OF THE MEMBER TRAINING AND DEVELOPMENT GROUP held on Tuesday, 13 December 2016 at Meeting Room 1 - Fire Service Headquarters, Winsford, Cheshire at 10.00 am

PRESENT: Councillors D Flude, S Parker and Independent member L Thomson

1 APOLOGIES

Apologies were received from Councillor M Simon and M Tarr.

2 NOTES FROM THE PREVIOUS MEETING

RESOLVED: That

The notes of the meeting held on 4 October 2016 be approved as a correct record.

3 MEMBER DEVELOPMENT STRATEGY 2017-18 : UPDATE

The Member Development Strategy to cover the period 2017 to 18 had been approved at the Fire Authority meeting on 7th December 2016 and copies of the final strategy were distributed to the Member Training and Development Group (MTDG).

The Democratic Services Manager provided an update which covered the elements added to the strategy following discussions at the MTDG meeting in October. This included the addition of objectives to align any changes introduced as part of the Fire Reform programme with the Authority's training and development programmes and to carry out a Member satisfaction survey in 2017-18.

Members discussed the additional objectives and also the objective to review the Member Champion roles to ensure Member support and input in new ventures and initiatives. The DSM explained that, as stated in the strategy, there would be a review/refresh of current Member Champion roles to ensure that they still supported the Authority's overarching role in the changing environment in which the Authority operated.

The DSM also provided an update for Members on the other actions arising from the Member Development Strategy discussions at the October meeting which had been brought to the attention of the Chief Fire Officer and Chief Executive.

RESOLVED: That

[1] The update on the Member Development Strategy for 2017-18 be noted; and

[2] The update on the actions arising from the last meeting be noted.

4 MEMBER DEVELOPMENT PROGRAMME 2016/17: QUARTERLY MONITORING

The Member Development programme for 2016/17 was approved at the Fire Authority meeting held on 15th June 2016 and the MTDG were asked to review progress against the programme on a quarterly basis and identify any training needs that they felt were not currently being met.

The DSM presented the report and provided an update on delivery of the programme to date. She drew Members attention to the appendix attached to the report which provided details of the programme, Members attendance and an overview of the evaluation feedback received. She also provided an update for Members on delivery of the induction programme to new Members and details of attendance were provided. It was noted that there were still sessions to be delivered in 2017 and that a full evaluation of the programme would be provided once it was complete. The Chair informed the MTDG that, as agreed at the last meeting, she had highlighted the importance of commitment to training for all Members at the Fire Authority meeting on 7th December.

Members discussed the report and the information provided. They requested that Democratic Services follow up on the delivery of cluster exercises and suggested that the dates for these could be provided at UPG meetings for the local area.

The DSM also provided a brief update on Members PDRs and informed Members that the majority of Members (22) had their interview dates confirmed with the Leadership Development Advisor (LDA). A number of interviews had already been held and the LDA had reported that the PDRs were going well so far. New Members were pleased with the induction activities to date and looking forward to the delivery of the rest of the programme. The LDA had agreed to contact new Members again in 3 months time to review any new needs once the induction programme was complete.

RESOLVED: That

Progress on delivery of the 2016/17 Member Training and Development Programme be noted.

5 MEMBER DEVELOPMENT : ROLES AND RESPONSIBILITIES

The DSM introduced this item to discuss the development of a role/job description for Fire Authority Members. As noted earlier on the agenda the MTDG had discussed the importance of the commitment required by the Fire Authority Members when appointed to the Fire Authority. They had requested that a role/job description be developed to assist potential new Members and appointing local authorities in assessing the commitment/resources required of FA Members.

The DSM explained that the report contained a copy of the current information pack that was sent to appointing authorities each year, the information on roles in the Authority's constitution and also examples of FA Members role descriptions from the other North West Fire and Rescue Authorities. She proposed that a generic role description for all FA Members be developed initially with a view to developing specific role descriptions for such roles as Member Champions going forward.

Members discussed the information provided and were happy for the DSM to develop the role description based on the Authority's Constitution which would be submitted to the next MTDG meeting in March with a view to submitting the final version to the Fire Authority in April for approval. The document could then be included in the information sent to constituent authorities when appointing representatives to the Authority.

Members highlighted issues in the distribution of this information once it was received by the constituent authorities. They requested that the information be sent through to the Chief Executive and Democratic Services Office at each constituent authority with a covering letter requesting that the information be distributed to the relevant group leaders.

Members also discussed the time/resources that were used by the Fire Authority on inductions and on-going training programmes which were of little value if a Member was not re-appointed by the constituent authority after 1 year. Members requested that a recommendation be made to the constituent authorities to appoint FA members for a minimum of 2 years. The DSM explained that the term of office for the appointment of Fire Authority representatives was entirely a decision for the constituent authorities to make and the FA could not impose a term of office on the appointments. However she would consult with the Head of Legal and Democratic Services to see what recommendations the Authority could make.

RESOLVED: That

[1] A draft copy of a generic role description for Fire Authority Members be submitted to the MTDG meeting in March 2017; and

[2] A cover letter be drafted to be sent to constituent authorities in relation to the annual Fire Authority appointments following discussions with the Head of Legal and Democratic Services.

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CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 14 FEBRUARY 2017
REPORT OF: CHIEF FIRE OFFICER AND CHIEF EXECUTIVE
AUTHOR: PAUL VAUGHAN

SUBJECT: DRAFT BUDGET, COUNCIL TAX PRECEPT AND MEDIUM TERM FINANCIAL PLAN 2017-18

Purpose of Report

1. This report seeks Member approval for Cheshire Fire Authority's (the Authority) budget for 2017-18, Council Tax precept level for 2017-18 and its Medium Term Financial Plan (MTFP) for 2017-18 to 2020-21.

Recommended: That

[1] Members consider the two 2017-18 budget proposals shown in Table 4 of the report (paragraph 78) and:

a) approve one of the proposals;
b) having approved one of the proposals, confirm that the precept on the collection funds for 2017-18 be set by reference to the amount corresponding to the chosen proposal in Table 5 (which immediately follows Table 4); and
c) having approved one of the proposals, confirm the appropriate MTFP which corresponds to that proposal shown in either Appendix 1 or 2.

[2] the revenue growth proposals for 2017-18 as set out in Appendix 3 be approved;

[3] the savings proposals for 2017-18 as set out in Appendix 4 be approved;

[4] the 2017-18 Capital Programme as set out in Appendix 5 be approved, and the items shown as part of the Capital Programme for 2018-19 (also set out in Appendix 5) also be approved;

[5] the Reserves Strategy as set out in paragraphs 28 - 50 be approved (NB this includes a payment of £574k to LGPS as detailed in paragraph 48);

[6] the statement on robustness of estimates and adequacy of reserves (paragraphs 76-77) be noted; and

[7] the Financial Health Targets (paragraph 75) be adopted for 2017-18.

Background

2. The Authority is required to approve its budget and set a Council Tax precept for the financial year commencing 1st April 2017. In determining a budget which it considers reasonable, the Authority must have regard to all the relevant factors, including the likely impact of policy options on the achievement of the Authority's objectives and the uncertainty associated with the economic scenario.

3. This is the second budget report. The first was considered by the Fire Authority on 7th December 2016. Members also considered the Authority's financial plans at Planning Days, most recently in January this year. Officers have challenged the assumptions and proposals underlying the Medium Term Financial Plan (MTFP) and budget.

4. The report asks Members to consider two budget options, based on:-

   a) Increasing the Council Tax precept by 1.99% to £73.29; or
   b) Maintaining the Council Tax precept at its 2016-17 level at £71.86.

   The two budget proposals are shown in Tables 4 and 5 of the report (paragraph 78).

5. The report is structured as follows, leading to the summary budget proposals:

   - Cheshire Fire Authority Budget for 2016-17;
   - Medium Term Financial Plan – (covering the period up to and including 2020-21):
     - The national context;
     - Key assumptions;
     - Savings in the MTFP;
     - Estimated Capital Programme 2017-18 to 2020-21;
   - Reserves Strategy;
   - Budget 2017-18:
     - Funding available to the Authority,
     - Revenue Expenditure,
     - Capital Programme 2017-18,
     - Budget Consultation;
   - Robustness of Estimates;
   - Financial Health Targets;
   - Statement on robustness of estimates and adequacy of reserves;
   - Summary Budget Proposals 2017-18 (and precepts on Collection Funds);

   The following appendices are attached:

   Appendix 1 MTFP with an increase in precept of 1.99%
   Appendix 2 MTFP with no increase in precept
   Appendix 3 Revenue Growth Items 2017-18

Appendix 4 Savings 2017-18
Appendix 5 Capital Programme 2017-18
Appendix 6 Estimated position on reserves 2016-17 to 2020-21

6. At the time of writing the settlement has not had final parliamentary approval. Whilst it is not anticipated that the settlement will change it is important that Members understand how any changes might be accommodated. It is essential that the precept is approved on 14th February so that the necessary notifications can be provided to the collection authorities. This will not alter as a result of any change in the settlement. However, it would lead to a change in the budget and knock on effect on the MTFP. This would be accommodated by:

- a reduction or increase in Settlement Funding Assessment (SFA, see details below) or Section 31 Grant in 2017-18
- an equal and opposite change in the movement on IRMP/Capital reserve in 2017-18

This would be reported to Members as appropriate.

CHESHIRE FIRE AUTHORITY BUDGET FOR 2016-17

7. The Authority's budget for 2016-17 is £42.1m, financed by a combination of Council Tax and SFA (a combination of Revenue Support Grant (RSG) and Business Rates). The Band D Council Tax is set at £71.86 which generates a total of £25.5m (61% of total funding), with an additional £0.5m (1%) coming from the 2015-16 surplus on the Council Tax element of the Collection Fund. The balance of £16m (38%) is met by SFA.

8. In addition, the Authority approved a capital programme of £2.6m funded from capital receipts, reserves and grants.

MEDIUM TERM FINANCIAL PLAN 2016-17 TO 2020-21

The National context

9. The announcement of the detailed draft Authority settlement was made on 15th December 2016. This essentially confirmed the four year settlement figures which the Government had presented the previous year, which run from 2016-17 to 2019-20. There were some slight changes reflecting a difference in the business rates assumptions, and for the Authority this meant an increase on the original figures over the four years of around £100k in total. However over the three year period from 2017-18 and 2020-21, the total SFA is still projected to fall by 17%, or £2.7m.

10. It is the Government's intention to remove RSG. This would in effect be replaced over time by growth in Business Rates and Council Tax, but Top Up Grant will remain. The government has indicated that it will

consult on reforming the funding of local authorities during the lifetime of the Comprehensive Spending Review (i.e. before 2019-20).

11. As part of the reform of funding, the Government is considering allowing local authorities to retain 100% of their business rates, and is running a pilot scheme to test this in 2017-18. Halton are participating in the scheme. Officers at Halton have indicated that the Government has given assurances that the Fire Authority will not be disadvantaged as a result of this.

12. The Government now focuses on the term “spending power” when it discusses the funding of fire authorities. The spending power of a fire authority is Council Tax and SFA added together. The estimates of what authorities’ spending power will be in future years includes assumptions of 2% annual increases in Council Tax, increases in council tax bases, and increases in Business Rates. Table 1 shows the Authority’s spending power according to the figures in the settlement i.e. the Government’s own estimates.

13. As can be seen in Table 1, the Government believes that this leads to the Authority’s spending power staying broadly constant over the period 2016-17 to 2019-20. The numbers shown in SFA include the transition grant awarded to the Authority in 2016-17 for two years.

Table 1 – Spending power using Government estimates

	2016-17	2017-18	2018-19	2019-20	%ge change from 2016-17 to 2019-20
	£m	£m	£m	£m	%
Council Tax	25.5	26.4	27.4	28.4	11%
Settlement Funding Assessment	16.1	14.4	13.6	13.4	-17%
Spending Power	**41.6**	**40.8**	**41.0**	**41.8**	**1%**

14. The Authority’s own estimates in spending power over the same period also shows a broadly neutral position.

Key assumptions

15. Appendix 1 shows the Authority’s MTFP assuming that the Authority decides to increase its precept by 1.99% in 2017-18. Appendix 2 shows the Authority’s MTFP assuming that the Authority decides not to increase its precept in 2017-18. The following assumptions have been used in both, except where indicated.

Council Tax

16. There is an increase of 1.99% in Council Tax precept in every year in the MTFP in Appendix 1, and every year except 2017-18 in Appendix 2. Council Tax base grows in 2017-18 to 2020-21 by 1% per annum.

Settlement Funding Assessment

17. SFA is included in accordance with the government estimates in the 2017-18 settlement. The assumption for 2020-21, which falls outside the current CSR period is that there will be an overall reduction in government support of 5%, including the loss of the Section 31 Grant supporting Business Rates (see paragraph 21).

Inflation

18. The Government has indicated that it expects public sector pay to increase by 1% per annum over the life of the CSR. In 2017-18 pay inflation is set at 1.5% to cover the 0.5% levy which the government is proposing to introduce to help to fund apprenticeships from April 2017. From 2018-19 it is 1% per annum. Non pay inflation is 2% per annum throughout the plan.

Growth

19. The MTFPs include an allowance for unavoidable growth. The amount of growth in 2017-18 is discussed in paragraphs 57-60. Any revenue growth assumed in the MTFP that proves not to be required will contribute to reducing the need for savings. Any additional growth will increase the need for savings.

Contributions to IRMP / Capital reserves.

20. There is a contribution to capital reserves to help fund the future capital programme. This is necessary due to the lack of capital grant for fire authorities, and because the capital funding strategy seeks to minimise borrowing. This will be regularly reviewed as the MTFP and Treasury Management Strategy are updated and monitored.

Section 31 grants for Business Rates.

21. The Government pays local authorities Section 31 grants to counteract the impact on local authorities of the government's own policy of reducing Business Rates on new and small businesses. The Government has indicated that this grant is likely to remain until the Business Rates retention scheme comes into force, so it is included in the MTFP. Any reduction in this grant would in any case, in theory, be offset by an increase in the amount of business rates receivable from local authorities. It is therefore now included until 2020-21 when its removal from the plan forms part of the overall estimated reduction in government support.

Surpluses/deficits on collection funds.

22. No assumptions are made about future surpluses or deficits on collection funds. The Authority has a provision against which shortfalls on Council Tax and Business Rates may be charged if necessary, or where in-year adjustments would be accommodated.

Savings in the MTFP

23. The MTFPs in Appendices 1 and 2 show the need for savings in the four year period from 2017-18 to 2020-21 of between £3.9m and £4.5m. This represents a significant challenge and its potential impact should not be underestimated. The Authority has already delivered almost £9m of savings in the previous CSR period from 2011-12 to 2015-16, and an additional £900k in the current year.

24. Members will recall that an Efficiency Plan was approved by the Authority in September 2016, as part of the request to the Home Office to allow the Authority to have a fixed four year settlement. At that time savings were identified in the plan totalling £4.06m for the period 2016-17 to 2019-20 (the plan is not aligned with the MTFP).

25. For the same period in the MTFPs shown in Appendices 1 and 2, the savings requirement now ranges from £4.05m to £4.60m so the Authority remains broadly in line with the plan.

26. Savings proposed for 2017-18 are detailed in paragraphs 61-63.

Estimated Capital Programme 2017-18 to 2020-21

27. The estimated capital programme for 2017-18 to 2020-21 is shown in Table 2 below. Core capital spend of around £1m per annum is expected to be spent on appliances, with a further £1m per annum to cover other activities, mainly property related/purchase of equipment. In addition the estimates in Table 2 include £7m for the Training Centre, although further work has yet to be done to fully develop the specification and then cost it accurately. Members have already approved £500k at the Fire Authority meeting in September to facilitate this work. It is anticipated that the core capital spend of £1m per annum will be wholly funded from reserves, capital receipts and revenue, although this will remain under review.

Table 2 Estimated capital programme to 2020-21

2017-18	2018-19	2019-20	2020-21
£1.765m	£6.108m	£4.176m	£2.071m

RESERVES STRATEGY

Purpose of holding reserves

28. The Authority has two types of useable reserves. It maintains a General Reserve which currently stands at £6.47m, and which has been at a similar level for a number of years. Amongst the risks it mitigates against is the risk that austerity measures will be significantly worse than anticipated. The level of the General Reserve will be kept under review in the light of falling budgets and reduced levels of activity.

29. The Authority also holds a number of earmarked reserves. These are intended to:

    - meet particular needs which the Authority has identified e.g. management of retirement profile to avoid the compulsory redundancies of firefighters,
    - help smooth out the impact of the Authority's activities on its revenue budget,
    - smooth out peaks and troughs in expenditure,
    - support the funding of the capital programme.

30. The earmarked reserves which the Authority holds are described below. Appendix 6 shows the anticipated position on the reserves over the current and next four financial years.

IRMP Reserve

31. The purpose of this reserve is to meet the needs placed upon the Authority in meeting delivery programmes falling out of each IRMP, and the reserve has been built up by contributions from the revenue budget and by earmarking budget underspends. One key IRMP activity, falling out of IRMP 9 but impacting on all IRMPs since then, is the Emergency Response Review. A programme to deliver this, the Emergency Response Programme (ERP), is in progress. The main element of this is the building of four new fire stations and a safety centre. Government grant has been secured to part-fund this and existing reserves set aside for capital are also being utilised. The balance is being funded from the IRMP reserve.

32. In addition, there are revenue implications from delivering the ERP. Examples are the training and upskilling of firefighters, pay protection for firefighters moving from one shift system to another, relocation expenses, training new on-call cohorts and running over-establishment. More firefighters than expected have opted to retire or leave the Service over the last four years, and other revenue impacts have not been as significant as expected. This means funding for the revenue impact of the ERP from the IRMP reserve has been lower than anticipated.

33. It is likely that the second phase Emergency Response Review (ERP2) (which will help to meet the savings challenge identified in the current MTFP) will also generate the need for capital or one-off revenue

investment. There may also be other IRMP-related activity which will require funding. The level of IRMP reserve is therefore necessary to ensure that the Authority is able to flexibly deliver the changes which will be needed in the future. It is also used to supplement the capital programme where necessary.

Capital

34. It seems likely that if any capital grants are made available to the Authority in future they will be the subject of a bid process, with little opportunity to access capital grants for core need such as appliance replacement. The present strategy for funding capital is that the Authority will fund capital from existing reserves or from the revenue budget. As the Authority reviews its MTFP and Treasury Management Strategy, this funding strategy will also be reviewed. The MTFPs as presented in Appendix 1 and Appendix 2 continue to have a budgeted contribution to the capital reserve but this does diminish over the life of the plan. This reserve will be kept under review and it is likely that any year end underspends will be used to ensure that it is kept at a reasonable level compared to the level of the Authority's capital expenditure.

Staff related

35. The Authority has a number of staff-related issues to deal with, mostly relating to current and legacy pension, future recruitment costs, and some smoothing of costs like ill health pension payments (some of which bear directly on the Authority). It is felt necessary to maintain a reserve to meet any future costs as these issues can have a considerable financial impact in any single year.

Legal and insurance

36. A large part of this reserve is designed to meet any future prosecution and enforcement costs associated with the work of the Protection Team. The other key risk covered by this reserve relates to the new insurance arrangements (which the Authority entered into in November 2015), and, more broadly, other insurance-related issues such as litigation claims.

ICT and Systems Development

37. The Authority undertook a Programme of Change to upgrade its ICT infrastructure during 2012 and 2013. However the nature of ICT is that developments are constant, and the Authority holds ICT reserves which are designed to fund ICT developments.

Training and Development

38. The Authority is committed to maintaining its current high standard in training its workforce. In particular part of the training reserve will be

used to help fund the development of the future managers of the Service in accordance with the Talent Management Strategy.

Equipment and uniforms

39. The Authority has some substantial costs which fluctuate between years, and this reserve provides a mechanism to smooth out the expenditure. Examples are the purchase of new and improved protective personal equipment, the purchase of high cost equipment (such as cutting equipment) and the development of the Incident Command Training Suite.

Collaborations and partnerships/Blue Light Collaboration

40. Fire authorities are being actively encouraged to enter into collaborative arrangements. Two such arrangements that the Authority has entered into which are covered by this reserve are North West Fire Control and a training partnership at Manchester Airport. Members will note that there is now also a specific reserve to help fund and smooth the implementation costs of Blue Light Collaboration.

Property-Related

41. The Authority is considering schemes which might reshape its property portfolio, and for refreshing its existing property portfolio. Should these come to fruition, consideration would be given to using the IRMP reserve to support delivery. The reserves shown in the property-related section in Appendix 6 are mainly in relation to existing schemes or invest to save projects.

New Dimensions

42. This is Government funding designed to supplement the cost of ensuring that firefighters are suitably trained and equipped to meet the needs of serious incidents in the modern day.

Specific projects

43. These are small projects like the firefighter fitness initiative or developments relating to the Authority's website.

Prevention

44. The main activities covered by these reserves are the sprinkler initiative and home safety assessments. It may also be used to cover cost volatility in the Prince's Trust teams and in Road Safety activity. In future marketing costs of Safety Central may also be funded from this reserve.

Unitary Performance Groups

45. Within each of the Authority's Unitary Performance Groups (UPG), a budget is available for the funding of local prevention activity. This has not always been spent in-year and this reserve has been created out of underspends to allow further initiatives to be undertaken.

General Reserve

46. The Authority has around £6.47m in General Reserve which is intended to offset the potential impact of corporate risk. This would cover any major incident risk such as that which may occur at a COMAH site, as well as risks relating to other Authority activity. Table 3 below shows some of the Authority's key risks and shows a range of potential costs should they come to fruition. Whilst the amounts shown are estimates, they are not considered to be unrealistic.

Table 3 – Estimated range of costs associated to risk.

TITLE	RISK	Worst case £000	Medium case £000	Best case £000
Failure of a counter party	Inability to recover invested funds from a counter party	10,000	5,000	1,000
Impact of Government austerity measures.	Reductions in grants necessitating cost reductions that impact on service delivery.	3,000	2,000	1,000
Claims from historic insurable events.	The historic insurers of the Authority having insufficient funds to meet the cost of claims.	3,000	2,000	250
Cost of major incident.	Impact of providing additional resources to deal with major incident.	1,500	500	250
Competing demands on the Authority's resources due to changing external environment.	Inadequate capacity to deliver strategic objectives and programmes due to increase in numbers and complexities of programmes.	750	500	250

Given the range of potential costs above, the level of the Authority's General Reserve is considered reasonable.

Other issues

47. The Authority's Green Book employees may join the Local Government Pension Scheme (LGPS). The Authority pays employer contributions into the LGPS. The rate of the contribution payable depends on the triennial valuation of the LGPS. A triennial valuation was carried out as at 31st March 2016. The rate payable for 2017-18 requires a small increase of £30k which is included as a growth item in Appendix 3.

48. The Authority has two options to pay its employer pension contribution over the next three years (2017-18 to 2019-20). One option is to set a rate which increases by a half of one percent over each of the next three years, from 21.3% to 22.3%. The second is to set a core rate of 18.3% and pay the LGPS a lump sum of £574k in April 2017. The second option will save the Authority £36k over the three year period and the budget and reserve movements assume this option is followed.

Costs and Benefits of Holding Reserves

49. By creating reserves, the Authority has built up cash balances which it invests in accordance with its Treasury Management Strategy. As the ability to generate income from investments diminishes, the Authority has reviewed its policy on the repayment of its debt portfolio, to ensure that it receives maximum benefit from the use of cash balances. At present it is not considered financially advantageous to repay debt early due to the high level of premium payable on early redemption. The Authority will continue to review this position. In addition, the continuing use of cash balances to fund the Authority's capital programme has reduced the need to borrow in recent years.

50. The Authority does need to hold a level of reserves commensurate with managing its risk profile, and as can be seen from Table 3, the Authority believes that the level of reserves it holds is adequate to manage its exposure to risk.

BUDGET 2017-18

51. The proposed alternative budgets for 2017-18 are shown in the columns headed "2017-18" in the MTFPs in Appendices 1 and 2. The paragraphs below explain some of the details included within the budget. Summaries of the proposed budgets are included in paragraph 78.

Funding available to the Authority

Council Tax

52. The Authority precepts on the taxbases of its constituent local authorities. For 2017-18 those taxbases have increased in total by around 1.54%. This means that the Authority can expect to receive an additional £400k in Council Tax in 2017-18 (or £392k should Members choose not to increase the Authority's precept).

53. The Authority has in recent years increased its Council Tax precept by 1.99%. An increase of 1.99% in 2017-18 means that the Authority would receive about an additional £507k. Should the Authority choose to increase its precept by 1.99%, the precept for a Band D property would increase from its current rate of £71.86 per annum to £73.29, an increase of £1.43 per annum.

54. At the end of each year billing authorities consider the balances on their collection funds and decide whether they are in a position to declare a surplus or deficit, of which the Authority receives a share. Notification of this arrives towards the end of January. This year all the Cheshire authorities have declared surpluses on their Council Tax collection funds, and in total the Authority will receive £360k extra one off funding.

Settlement Funding Assessment

55. The Authority's settlement shows the SFA for 2017-18 as £14.34m, split £4.02m Business Rates baseline, £4.82m Top Up Grant and £5.50m RSG. This represents a reduction of around 11% compared to 2016-17.

56. The latest estimated level of Business Rates baseline shown on the constituent authorities' returns to Government mean that the amount of Business Rates baseline the Authority will actually receive in 2017-18 from those Authorities is £4.21m. This means that the Authority will receive £196k more in 2017-18 than had been anticipated in previous reports. However, three of the authorities have declared deficits on their Business Rates collection funds, of which impacts on the Authority adversely by £123k.

Revenue expenditure

Revenue growth

57. Appendix 3 shows revenue growth items for 2017-18. These items are split into those which need to go into base budget, and those one off items which are to be funded from reserves. Many of these items were the subject of business cases shared with Members at the Planning Day on 13th January, whilst others are revenue implications from IRMP projects and other Authority decisions.

58. Much of the expenditure which is to go into base relates to the revenue implications of the Emergency Response Programme e.g. to cover the running costs of the new stations and Safety Central. The ongoing cost of the new cardiac initiative is also included, as are costs related to running the apprenticeship scheme and the leadership programme, and additional costs relating to the purchase of smoke alarms.

59. Members are also asked to approve the inclusion of £2.28m specific expenditure from reserves. This represents a significant investment with the majority relating to the purchase of firefighter kit and equipment. Much of this spend was covered by business cases which were discussed at the Members Planning Day on 13th January. Included in this is £280k for technical rescue jackets, £131k for helmets, £30k for cutting equipment and £30k for a drone.

60. Other items whose costs are intended to be met from reserves include the installation of sprinklers in Day Crewed houses, the costs of the Apprentice scheme and a potential contribution to the development of

the proposal for an Ellesmere Port hub (although the latter remains subject to further exploratory work with Chester West and Chester Council and the other partners). Including it here means that if necessary officers would have the resources to participate in further evaluation work, but any commitment beyond that would be brought back to Members for further approval. Additional spend from reserves (particularly from the IRMP reserve if necessary and on small items which require some support from reserves in year) may be necessary and is reflected in the detail of Appendix 6. Any significant items would be brought to Members for approval and/or reported to Performance and Overview Committee.

Savings

61. Appendix 4 contains a list of savings included in the budget for 2017-18, totalling £2.28m.

62. The main source of savings are changes to the Authority's service delivery models, as a result of Emergency Response Programme and Emergency Response Programme 2.

63. Other savings come from small value for money and organisational reviews, as well as some technical changes reflecting the Authority's capital funding strategy. No savings from Blue Light Collaboration have been included at this stage. The programme shows some integration of support services during 2017-18, but not until towards the end of the financial year, and given the complexity of the integration of staff and systems, it is considered prudent to delay the formal recognition of savings until the financial year 2018-19. The latest estimate of revenue savings accruing to the Authority as a result of BLC is £165k.

Capital Programme 2017-18

64. Appendix 5 shows the Capital Programme for 2017-18, which totals almost £1.8m. Members considered business cases for some of the items at the Members' Planning Day on 13th January. Members will note that the programme mainly consists of the purchase of appliances and vehicles. Members should note that in February 2016 they approved £50k for a technical rescue vehicle, which was based on the best information at the time. The Fleet Services Manager has undertaken further research into specifying this vehicle and now feels that a suitable vehicle would cost £80k, so an additional £30k is included in the programme.

65. The sum of £560k is included for the redevelopment of Chester Fire Station. This is only an estimate at this stage based on the latest information available from the Authority's discussions with a potential partner developer. As soon as a more certain figure is known a revised approval will be brought for Member consideration.

66. At the Authority meeting in February 2016 which approved the 2016-17 budget, Members agreed in principle some items for inclusion in the

2017-18 capital programme (shown in green in Appendix 5). These items are now included in the programme but some items have changed slightly, as indicated at the bottom of the table.

67. This forward approval improves the Authority's procurement position, and enables the Authority to agree build slots with the appliance manufacturers. Members are therefore asked to consider the vehicles shown in the second table (marked 2018-19) in Appendix 5, totalling just over £1m, and approve those items for inclusion in the capital programme.

68. Members should be aware that officers are undertaking a significant review of the Authority's property portfolio with a view to bringing the Authority's asset management plans up to date and improving the condition of its buildings. This will potentially lead to a significant investment of funds, either revenue or capital or both, but at present it is impossible to estimate the likely financial impact. Members will be kept apprised of the progress on the review and the potential need for funds.

Budget Consultation

69. This is dealt with within the IRMP report included on the agenda at item 4.

ROBUSTNESS OF ESTIMATES

70. The Authority has a policy and expenditure planning process, which takes account of the IRMP and MTFP. Alongside this, a four year indicative value for the capital programme has been produced taking into account forecasted Government funding, borrowing limits and Council Tax.

71. For 2017-18, full consideration of these issues has led to:

    i. Revenue proposals to reflect changes in demand for services with growth pressures offset wherever possible by savings, increased income and other budget reductions. The on-going revenue impact of new capital projects has also been considered.

    ii. A proposed capital financing requirement based on prior years and the 2017-18 capital programme.

72. When using estimates in preparing the budget, every effort is made to ensure that the estimates take into account the most up-to date data. However, it should be noted that there are some areas where the actual impact could vary from the estimates used in setting the budget. The main areas are:

    a. Pay awards,
    b. Inflation,
    c. Fluctuation in interest rates,

d. Service financial performance (i.e. under or overspending),
e. Collection of Council Tax and Business Rates,
f. Actual grant funding.

73. There are many factors that can affect financial performance in-year including under or over-achievement of savings plans, income and other financial targets. The Authority takes a number of steps to minimise the impact including:

- Seeking wherever possible to explore in full the implications and achievability of revenue and capital proposals before the budget is set.
- Promoting a robust approach to financial management requiring budget holders to monitor expenditure against budget and to take early action in reporting and responding to forecast variances.
- Regular reporting to Members of the projected outturn and any necessary remedial action.

74. Members should be aware that whilst every effort is taken to ensure that the budget is balanced, there is always the possibility of over or underspends occurring. This is one of the reasons why the Authority holds reserves which are available to offset unanticipated cost pressures.

FINANCIAL HEALTH TARGETS

75. It is considered best practice to maintain a set of Financial Health Targets. The Financial Health Targets below are those adopted by the Authority.

- That the Authority reviews and approves its reserves strategy on an annual basis. This should be supplemented by consideration of the level of reserves at mid-year review.
- That the Authority maintains its revenue spending within 1% of budget following the mid-year and three quarter review.
- That the Authority reduces slippage to 25% of the total capital programme (the total capital programme includes the existing capital programme and slippage brought forward from previous years).
- That the Authority continues to monitor Prudential Indicators on an annual basis against the indicators set out in the report on the Treasury Management Strategy at item 3 on the agenda.
- The Authority raises 95% of invoices within one month of the debt falling due and collects 95% of income within 90 days.

STATEMENT ON ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

76. Section 25 of the Local Government Act 2003 places a requirement on the Chief Financial Officer (in this case the Head of Finance) to provide to the Authority, when it is making statutory calculations required to determine Council Tax levels, a report assessing the adequacy of unallocated reserves in the context of corporate risks facing the Authority and to report on the robustness of estimates used in preparing the budget. The Authority must balance the necessity for reserves against the immediate impact on Council Tax payers and arrive at a level it considers adequate and prudent, but not excessive.

77. The adequacy of reserves is discussed in the Reserves Strategy section (paragraphs 28-50) and the robustness of estimates is covered in paragraphs 70-74 above. It is the Head of Finance and Treasurer's view that the level of reserves is adequate and that the estimates are robust.

SUMMARY BUDGET PROPOSALS 2017-18 (AND PRECEPTS ON COLLECTION FUNDS).

78. Table 4 below summarises the two budget proposals contained in Appendices 1 and 2 to assist Members:

Table 4: Cheshire Fire Authority 2017-18 Budget Proposals		
	Proposal 1: Increase in precept 1.99%	**Proposal 2:** Increase in precept 0%
Item	**£000**	**£000**
Expenditure		
2016-17 Budget	**42,093**	**42,093**
Revenue growth	1,190	1,190
Inflation	661	661
Savings	(2,282)	(2,282)
Change in transfer to IRMP/capital reserve	(315)	(830)
Section 31 Grants	(48)	(48)
Provision for non collection	0	0
Total budget 2017-18	**41,299**	**40,783**
Funding		
Council Tax	26,449	25,933
Surplus on Council Tax Collection Fund	360	360
Deficit on Business Rates Collection Fund	(123)	(123)
Settlement Funding Assessment (including additional Business Rates)	14,613	14,613
Total Funding	**41,299**	**40,783**
Precept per Band D property	**£73.29**	**£71.86**

Table 5 below shows the Council Tax precepts based on the above alternative proposals for each billing Authority:

Table 5:2017-18 Precept on Billing Authorities' Collection Funds			
Constituent local authority (billing authority)	**Council Tax base**	**Proposal 1: Increase in precept 1.99% £**	**Proposal 2: Increase in precept 0% £**
Cheshire East	144,201.51	10,568,528.67	10,362,320.51
Cheshire West and Chester	116,329.00	8,525,752.41	8,359,401.94
Halton	33,818.00	2,478,521.22	2,430,161.48
Warrington	66,527.00	4,875,763.83	4,780,630.22
Total	**360,875.51**	**26,448,566.13**	**25,932,514.15**
Precept per Band D property		**73.29**	**71.86**

Conclusion

79. The budget for 2017-18 is set in the context of continuing financial austerity with sufficient savings identified to balance the budget. Going forward there is still the need to make significant further savings to ensure that the Authority's future budgets are balanced. In addition the Government's intention to review the funding regime for local authorities means that considerable uncertainty remains which increases risks in the financial planning process.

Financial Implications

80. This report is financial in nature.

Legal Implications

81. The Authority is required to set a budget by 14th February each year, and to issue a precept to the billing authorities before 1st March each year.

Equality and Diversity and Environmental Implications

82. This is a strategic report is which does not deal with the detailed proposals. Individual policy options and savings will have equality and diversity and environmental implications which will be individually identified and assessed

BACKGROUND PAPERS: NONE

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Appendix 1 1.99% CFA 14/02/17

Cheshire Fire Authority Medium Term Financial Plan : 2016-17 to 2020-21

	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000
Base Budget pre additions and savings	**42,382**	**42,093**	**41,299**	**40,883**	**41,441**
Additions:					
Revenue Growth	293	1,190	300	800	400
Inflation (pay 1.5% in 2016-17 and 2017-18, then 1%; non pay 2%)	678	661	517	527	551
Section 31 grants Business Rates	37	(48)	48	0	235
Other savings	(900)	(2,282)	(433)	(433)	(776)
IRMP/Capital reserve	(446)	(315)	(848)	(336)	0
Provision for non collection	50	0	0	0	0
Revised Total Budget Requirement	**42,093**	**41,299**	**40,883**	**41,441**	**41,852**
Base Funding b\fwd					
Council Tax	24,513	25,541	26,449	27,244	28,063
Settlement Funding Assessment	17,436	16,098	14,417	13,639	13,378
Total Base Funding	41,949	41,639	40,866	40,883	41,441
Add Increases \ (Decreases) in Funding:					
Increase in council tax (1.99%)	498	507	526	541	558
Increase /(Reduction) in council taxbase	530	400	270	278	286
Surplus / (Deficit) on collection fund :					
Council Tax	457	360	0	0	0
Business Rates	(152)	(123)	0	0	0
Additional business rates	149	196	0	0	0
Transition Grant	63	16	(79)	0	0
Settlement Funding Assessment	(1,401)	(1,697)	(699)	(261)	(434)
Total movement in funding	144	(340)	17	558	411
Total Available Funding	**42,093**	**41,299**	**40,883**	**41,441**	**41,852**
Total Efficiencies required 2017-18 to 2020-21					**(3,924)**
Precept for a Band D Property	**71.86**	**73.29**	**74.73**	**76.21**	**77.73**

Appendix 2 No increase CFA 14/02/17

Cheshire Fire Authority Medium Term Financial Plan : 2016-17 to 2020-21

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000
Base Budget pre additions and savings	**42,382**	**42,093**	**40,783**	**40,352**	**40,894**
Additions:					
Revenue Growth	293	1,190	300	800	400
Inflation (pay 1.5% in 2016-17 and 2017-18, then 1%; non pay 2%)	678	660	518	524	537
Section 31 grants Business Rates	37	(48)	48	0	235
Other savings	(900)	(2,282)	(710)	(710)	(777)
IRMP/Capital reserve	(446)	(830)	(587)	(72)	0
Provision for non collection	50	0	0	0	0
Revised Total Budget Requirement	**42,093**	**40,783**	**40,352**	**40,894**	**41,289**
Base Funding b\fwd					
Council Tax	24,513	25,541	25,933	26,713	27,516
Settlement Funding Assessment	17,436	16,098	14,417	13,639	13,378
Total Base Funding	41,949	41,639	40,350	40,352	40,894
Add Increases \ (Decreases) in Funding:					
Increase in council tax (1.99%)	498	0	515	531	548
Increase /(Reduction) in council taxbase	530	392	264	272	281
Surplus / (Deficit) on collection fund :					
Council Tax	457	360	0	0	0
Business Rates	(152)	(123)	0	0	0
Additional business rates	149	196	0	0	0
Transition Grant	63	16	(79)	0	0
Settlement Funding Assessment	(1,401)	(1,697)	(699)	(261)	(434)
Total movement in funding	144	(855)	2	542	394
Total Available Funding	**42,093**	**40,783**	**40,352**	**40,894**	**41,289**
Total Efficiencies required 2017-18 to 2020-21					**(4,479)**
Precept for a Band D Property	**71.86**	**71.86**	**73.29**	**74.73**	**76.21**

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Appendix 3

Revenue Growth Items 2017-18

Service Area	Item	Amount: Base budget	Amount: Funded from reserves	Amount: Total
		£000	£000	£000
Service Delivery	ERP 1 Revenue costs	223		223
	Changes to Watch Manager roles	204		204
	Expanded swift water rescue capability	32	50	82
	Training on special appliances	44		44
	ERP 2 project team		139	139
	Cardiac arrest initiative	120	130	250
	Other Service Delivery	(4)		(4)
OPA	Technical rescue jackets and inner fleeces		280	280
	Helmets		131	131
	PPV fans		90	90
	Saws, cut off tools and grinders		30	30
	Drone		30	30
	Training Centre developmnet work		53	53
	ISAR training	22	14	36
	Technician	26		26
	Other OPA	11	1	12
Fleet Services	Additional leased vehicles and Salvation Army vehicle	35	22	57
Prevention	Safety Centre revenue budget	192		192
	Engagement Officers		51	51
	Smoke alarms	77		77
	Other prevention	22		22
ICT	Airwave contract loss of support for Mobile Data Terminals	29		29
	Other ICT	7	10	17
Property Management	Upgrade to sprinklers in Day Crewed property		270	270
	Other property Management	26		26
Learning and Development	Apprentice scheme	34	337	371
	Leadership Programme	60		60
Corporate	Ellesmere Port Hub		120	120
	Contribution to BLC inplementation costs		468	468
	LGPS contributions	30		30
Total		**1,190**	**2,226**	**3,416**

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Appendix 4

Savings 2017-18

Service Area	Item	Amount
		£000
Service Delivery	Emergency Response programme - Operational	(1,540)
	Emergency Response programme 2 specials review	(188)
	Emergency Response programme 2 flexi duty system review	(240)
Corporate	VFM reviews/ organisational review	(143)
	Reduction in capital financing costs	(8)
	Capital charges (reduction in Minimum Revenue Provision)	(38)
	Management restructure	(94)
Property Management	Additional income from joint use of stations	(10)
	Additional mast income	(17)
Prevention	Lease costs (reduction of fleet)	(4)
Total		**(2,282)**

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Appendix 5

Capital Programme 2017-18

Service Area	Description	Amount
		£000
Fleet	1 * cadets vehicles *	23
	Three New Appliances **	810
	1 * 4 Wheel drive resilience	55
	1 * 4 Wheel drive resilience (freelander replacement)***	30
	Support vehicles replacement programme	60
	Replacement Firebike	11
	1 * minibus (prevention)	28
	1 * display unit (prevention - chip pan demo unit)	25
	1 * Technical rescue vehicle (£50k approved 2015-16)	30
ICT	Server replacement programme	49
Property	Chester Station (inc 10% contingency)	560
Capital Contingency	Capital contingency on vehicle purchases	54
	Capital contingency on non vehicle purchases	30
Total		**1,765**

Items in green approved in principle February 2016

* adjusted to reflect 1 larger vehicle instead of 2 smallers ones (extra £3k)
** adjusted to reflected latest price (reduction of £47k)
*** adjusted to reflect rolling replacement (of 1 per year instead all 4 in 2017-18)

Capital Programme 2018-19 (Vehicles only)

Service Area	Description	Amount
		£000
Fleet	2 * cadets vehicles	20
	Three New Appliances	810
	1 * 4 Wheel drive resilience	55
	1 * 4 Wheel drive resilience (freelander replacement)	30
	support vehicles replacement programme	60
Capital Contingency	Capital contingency on vehicle purchases	50
Total		**1,025**

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Appendix 6

Estimated position on reserves 2016-17 to 2002-21

		2016-17		2017-18		2018-19		2019-20		2020-21	
	Balance at 31 March 2016	Movement in year	Balance c/f	Movement in year	Balance c/f	Movement in year	Balance c/f	Movement in year	Balance c/f	Movement in year	Balance c/f
IRMP related	17,584	(9,466)	8,119	(2,968)	5,151	(2,317)	2,834	(2,834)	-	-	-
BLC	88	380	468	(468)	-	-	-	-	-	-	-
Capital Reserves	2,573	1,397	3,970	(904)	3,066	(2,514)	553	(19)	534	(18)	515
Capital receipts	311	--	310	(30)	280	(30)	250	(30)	220	(220)	-
Capital Grants unapplied	2,577	(2,577)	-	-	-	-	-	-	-	-	-
Staff related	1,166	(459)	707	(298)	409	38	447	(38)	409	-	409
Legal and insurance costs	786	(82)	704	-	704	-	704	-	704	-	704
ICT and systems development	686	(289)	397	(9)	388	(10)	378	20	398	20	418
Training	422	(106)	316	(50)	266	(45)	221	-	221	-	221
Equipment & Uniform	1,229	(75)	1,154	(486)	668	85	753	(337)	416	(15)	401
Collaborations and partnership	225	(20)	205	(20)	185	(20)	165	(20)	145	(20)	125
Property related	214	68	282	(220)	62	6	68	-	68	-	68
New Dimensions	792	(40)	752	-	752	-	752	(680)	72	-	72
Specific projects	227	(33)	194	(31)	163	(11)	153	-	153	-	153
Prevention	1,003	(210)	793	(90)	703	(43)	660	(29)	631	(29)	602
UPG	358	-	358	-	358	-	358	-	358	-	358
Total earmarked reserves	30,242	(11,511)	18,731	(5,574)	13,157	(4,860)	8,297	(3,967)	4,329	(283)	4,047
General Reserve	6,467	-	6,467	(574)	5,893	-	5,893	-	5,893	-	5,893
Total usable reserves	36,709	(11,511)	25,198	(6,148)	19,050	(4,860)	14,190	(3,967)	10,222	(283)	9,940

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CHESHIRE FIRE AUTHORITY

MEETING OF: **CHESHIRE FIRE AUTHORITY**
DATE: **14 FEBRUARY 2017**
REPORT OF: **HEAD OF FINANCE**
AUTHOR: **PAUL VAUGHAN**

SUBJECT: TREASURY MANAGEMENT STRATEGY AND PRACTICES 2017-18

Purpose of Report

1. This report seeks approval for the Treasury Management Strategy and Practices for the year 2017-18. This is a requirement of guidance issued by the Department of Communities and Local Government (DCLG) in April 2010, and the 2009 CIPFA Treasury Management Code. It also assists the Authority in showing its compliance with requirements contained in the Local Government Act 2003.

Recommended: That

[1] approval be given to the Authority's Treasury Management Strategy for the year 2017-18; and

[2] the Authority's approach to treasury risk management and its Treasury Management Practices be approved.

Treasury Management Strategy for 2017-18

2. The Treasury Management Strategy ('the Strategy') is comprised of three main elements, namely:

   - Borrowing Strategy (paragraphs 50 to 57 of the Strategy)
   - Annual Investment Strategy (paragraphs 64 to 80 of the Strategy)
   - Minimum Revenue Provision (MRP) Strategy (paragraphs 19 to 22 of the Strategy)

3. The Strategy is required in order to comply with the Local Government Act 2003, the 2009 CIPFA Treasury Management Code of Practice and the latest investment guidance from the Government which came into force with effect from April 2010.

4. The Strategy also provides context to inform the three individual elements.

Borrowing Strategy

5. The Borrowing Strategy for the Authority reflects the current approach that while interest rates for investments remain low, the Authority will finance its capital programme from cash balances as far as possible.

6. The Authority's current borrowing is almost exclusively with the Public Work Loans Board (PWLB). There are no immediate plans to increase the Authority's borrowing.

Annual Investment Strategy

7. The Annual Investment Strategy explains that the overarching principle is to ensure that the Authority is prudent in its investment decisions, whilst trying to maximise returns.

8. The Annual Investment Strategy also sets out the investment instruments used by the Authority, and how the Authority uses credit ratings to help determine which institutions to invest in.

9. The Authority will avoid locking into long term deals, i.e. greater than three years, whilst interest rates remain at their current low levels, and will limit investments over one year to a maximum of £5 million.

MRP

10. All authorities have a legal requirement to set money aside to cover the repayment of debt, and this is known as the MRP. The amount of MRP charged needs to be a prudent amount. The broad aim of this is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which capital expenditure provides benefits, or, in the case of borrowing supported by formula grant, reasonably commensurate with the period implicit in the determination of the grant.

11. It is proposed that the Authority continues to set the MRP at 6.7% of the opening Capital Financing Requirement. This is considered to be a prudent and sustainable approach. The level remains subject to review.

Risk Management

12. The identification, understanding and management of risk are a significant part of the Authority's treasury management activities. Risk management is, and has been for a number of years, well embedded in the area of treasury management.

13. To avoid the Authority suffering loss as a result of its treasury management activities, a number of risk management procedures are in place. These procedures are based on the principles that security of deposit is paramount, and there is a need to maintain liquidity. Returns should be commensurate with these principles.

14. Key risks are:

a. Counter-Party Risk

Counter-parties is the term used for another party to an agreement or contract. In the context of this risk, this means a body with whom we have invested surplus funds. The risk is that an amount deposited by the Authority will not be repaid in full when it becomes due.

When selecting counter-parties the avoidance of loss of principal is regarded as paramount. This is achieved by having in place formal policies and procedures that ensure that the risk of a potential loss of principal through the default of a counter-party is reduced to an appropriate level. Those policies include setting minimum requirements on the financial standing of counter-parties and an upper limit on the amount that can be deposited with an individual counter-party or group of related counter-parties.

b. Liquidity Risk

This risk is that cash will not be available when it is required to meet the Authority's obligations.

To mitigate that risk, the Authority prepares and monitors a cashflow forecast which identifies expected inflows and outflows. The purpose of preparing the forecast is to identify the timing, duration and magnitude of any cash surpluses and shortfalls.

c. Refinancing Risk

This risk is that the Authority will be unable to renew its maturing loans or reinvest deposits on reasonable terms.

This risk is managed to an acceptable level by ensuring that the maturity profile of the Authority's long term loans portfolio remains relatively even. The Authority also tries to avoid having a number of large deposits maturing on the same day.

d. Legal and Regulatory Risk

This is the risk that one of the parties to an agreement will be unable to honour its legal obligations to the other party.

When investing its cash balances, the Authority adheres to the guidance issued by DCLG in April 2010 which defines and encourages a prudent investment policy, particularly in relation to security (protecting invested capital sums from loss) and liquidity (keeping funds readily available to meet immediate expenditure needs).

e. Prevention of Fraud, Error and Collusion

Loans and deposits are made on the Authority's behalf by our treasury management advisers (Warrington Borough Council).

In addition, our advisers cannot enter into a short or long term deal without specific approval from the Head of Finance or another nominated officer. Every deal is also recorded and reconciled within the Authority's general ledger and bank account by one officer and approved by another officer (segregation of duties)

Treasury Management Practices for 2017-18

15. It is a requirement of the 2009 CIPFA Treasury Management Code that the Authority's Treasury Management Practices (TMPs) be reported to the Authority on an annual basis. The TMPs are a substantial document and have not been included with these papers but have been made available on the Authority's web site for Member consideration. They demonstrate in some detail the way in which the Authority meets its requirement to properly manage its treasury management activities.

Prudential Indicators for 2017-18

16. The Prudential Indicators ('the Indicators') are included in Appendix 1 at paragraphs 9 to 18 and 24 to 32.

17. Performance against the Indicators demonstrates that the Authority's strategy in relation to capital expenditure and investment is prudent and robust. The Indicators deal with the Authority's position in relation to capital expenditure and capital financing requirement, net borrowing, limits on borrowing, the impact on revenue, and the impact on council tax.

18. In addition the Indicators confirm the prudence and sustainability of the Authority's Treasury Management Strategy, and help set a framework of prudence within which the Authority will continue to operate.

End of Year Treasury Management Performance Report

19. In accordance with both the requirements of the Prudential Code and the CIPFA Code for Treasury Management in the Public Services, the Authority will report on its treasury management activities for the year in the form of a Treasury Management Annual Report. This report will be presented to the Authority annually by September.

Legal Implications

20. The approval of the Treasury Management Strategy and Treasury Management Practices is a legal requirement. They provide officers with a clear framework within which to operate.

Financial Implications

21. The report is financial in nature.

Equality and Diversity Implications

22. There are no differential impacts identified on any section of our community in relation to this report.

Environmental Implications

23. There are no specific environmental implications identified in relation to this report.

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APPENDIX 1

2017-18 TREASURY MANAGEMENT STRATEGY

INTRODUCTION

1. The Local Government Act 2003 (the Act) and supporting regulations requires the Authority to 'have regard to' the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice to set prudential indicators for the next three years to ensure that capital investment plans remain affordable, prudent and sustainable.

2. The Act requires the Authority to prepare a Treasury Management Strategy (the Strategy) for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act). This sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

3. The Authority's strategy is prepared having regard to the Department of Communities and Local Government (DCLG) Guidance on Local Government Investments ("the Guidance"), which came into effect from 1 April 2010.

4. The strategy also includes the Authority's 2017-18 Minimum Revenue Provision Strategy.

5. The CIPFA Code of Practice on Treasury Management (the Code) (revised November 2009) was adopted by this Authority on 14 April 2010. CIPFA issued revisions to the Prudential Code, Treasury Management Code and Treasury Guidance Notes in mid November 2011 (although there was little material change in the revisions, mainly in relation to Housing Revenue Account).

6. The primary requirements of the Code are as follows:

   (i) Creation and maintenance of a Treasury Management Policy Statement, which set out the policies and objectives of the Authority's treasury management activities.

   (ii) Creation and maintenance of Treasury Management Practices, which set out the manner in which the Authority will seek to achieve those policies and objectives:

   (iii) Reporting Requirements – the Authority is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.

   - Prudential and treasury indicators and treasury strategy:

- An annual treasury report – this provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy

- A mid-year treasury management report – this will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

(iii) Delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

(iv) Where appropriate, delegation by the Authority of the role of scrutiny of the Treasury Management Strategy and policies to a specific named body. The Authority has previously delegated scrutiny to the Policy Committee. It will now retain this role for itself.

7. Warrington Borough Council act as the Authority's advisor on Treasury Management. The suggested Treasury Management Strategy for 2017-18 is informed by Warrington Borough Council treasury officers' views on interest rates and other financial matters, supplemented with leading market forecasts provided by Warrington Borough Council's treasury advisor (Capita). The strategy covers two main areas:

Capital Issues
- the capital programme and the capital prudential indicators 2017-18 to 2019-20; and
- the minimum revenue position (MRP) strategy.

Treasury management issues
- treasury prudential indicators;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling opportunities;
- the annual investment strategy;
- policy on use of external service providers; and
- treasury management scheme of delegation.

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

Capital Issues

The Capital Programme and Capital Prudential Indicators 2017-18 to 2019-20

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

Capital Expenditure Plan

10. This prudential indicator is a summary of the Authority's capital expenditure plan, both those agreed previously, and those forming part of this budget cycle.

2015-16 Actual £000	2016-17 Estimate £000	Capital Expenditure	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000
6,059	13,290		3,605	6,556	4,065

11. The table below shows how the plan is being financed by capital or revenue resources. It is currently assumed that no capital grant will be available. Any shortfall of resources results in a funding borrowing need:

2015-16 Actual £000	2016-17 Estimate £000	Capital Financing	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000
2,920	2,576	Capital Grants	0	0	0
61	51	Capital Receipts	55	55	55
3,078	10,664	Reserves	3,550	6,501	4,010
6,059	**13,290**	**Total Capital Financing**	**3,605**	**6,556**	**4,065**

Capital Financing Requirement

12. The Capital Financing Requirement (CFR) indicator is a notional figure which shows the Authority's theoretical need to borrow to fund capital expenditure. Any capital expenditure, which has not immediately been paid for, will increase the CFR.

13. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need.

14. The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of scheme include a borrowing facility and so the Authority is not required to separately borrow for these schemes.

2015-16 Actual £000	2016-17 Estimate £000	Capital Financing Requirement (CFR)	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000
8,783	**8,195**	CFR brought forward	**7,645**	**7,133**	**6,655**
		Movement in CFR represented by			
0	0	Net financing need for the year	0	0	0
(588)	(550)	Less MRP	(512)	(478)	(446)
8,195	**7,645**	CFR carried forward	**7,133**	**6,655**	**6,209**

Affordability prudential indicators

15. Prudential indicators are required to assess the affordability of the capital investment plan on the Authority's overall finances. The Authority is asked to approve the following indicators contained in this report.

Ratio of financing costs to net revenue stream

16. One of the indicators of affordability is the estimated ratio of the Authority's general fund capital financing costs to its net revenue stream in percentage terms. This indicator shows the proportion of the revenue budget spent on capital financing costs; if the ratio is increasing rapidly over time then a larger proportion of revenue resources is being taken up by capital financing costs, which could be used for other elements of the Authority's budget.

2015-16 Actual %	2016-17 Estimate %	Ratio of financing costs to net revenue stream	2017-18 Estimate %	2018-19 Estimate %	2019-20 Estimate %
1.11	1.32		1.22	1.12	1.03

Incremental impact of capital investment decisions on Council Tax

17. The other indicator of affordability is the estimate of the incremental impact on Council Tax, over and above capital investment decisions that have previously been taken by the Authority. This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in the budget report. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period. The indicator is intended to show the effect on Authority Tax of approving new capital expenditure in the capital programme.

18. The Authority has a strategy of funding capital from grant, revenue or reserves and the impact of this is included in the MTFP and the reserves strategy. The capital programme currently estimated does not therefore add any additional revenue cost to the budget, as can be seen by comparing the ratios in the table below.

2015-16 Actual £000	2016-17 Estimate £000	Financing costs to Council Tax	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000
102	94	Interest cost	86	86	86
3	2	Finance lease interest	2	1	1
588	550	MRP	512	478	446
693	**646**	**Total**	**600**	**565**	**533**
24,513	**25,541**	**Council tax**	**26,449**	**27,244**	**28,063**
2.83	**2.53**	**Ratio**	**2.27**	**2.07**	**1.90**

Minimum Revenue Provision (MRP) Strategy

19. The Authority is required to make an annual provision from revenue to contribute towards the repayment of borrowing. This requirement arises under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, which simplifies earlier MRP requirements by placing a duty on the Authority to determine each year an amount of minimum revenue provision, which it considers to be prudent. In order to assist the Authority with this determination, guidance for assessing what would represent a prudent provision has been issued under Section 21 (1A) of the Local Government Act 2003 (The Guidance). The Authority is required to have regard to the Guidance when considering the amount of their annual "prudent" MRP.

20. It is proposed that the MRP for 2017-18 will continue to be charged at the rate of 6.7% of the opening Capital Financing Requirement. It is the Head of Finance's professional opinion that this approach continues to meet the statutory duty to make prudent revenue provision.

21. Based on the current projected capital outturn position for 2016-17, it is expected that this will equate to a charge of approximately £512k for 2017-18.

22. The policy will be reviewed on an annual basis. If it is proposed to vary the strategy during the year, a revised statement will be submitted to the Authority.

Treasury Management Issues

23. The capital expenditure plan above shows the capital funds required by the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this requirement. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant Treasury Prudential indicators, (including the current and projected debt positions) and the borrowing and annual investment strategy.

Treasury Prudential Indicators: limits to borrowing activity

Gross borrowing requirement

24. Within the code there is a key indicator of prudence that ensures that, over the medium term, gross borrowing is only for a capital purpose. This is shown below, and compares gross external borrowing to the total CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. Gross external borrowing should not exceed this limit except in the short term.

2015-16 Actual £000	2016-17 Estimate £000	Gross Borrowing Requirement	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000
		External Debt			
2,258	2,247	Debt at 1 April	1,914	1,903	1,892
(11)	(333)	Expected change in Debt	(11)	(11)	(880)
2,247	1,914	External Debt at 31 March	1,903	1,892	1,012
59	48	Finance Lease	37	25	13
(11)	(11)	Expected change in Finance Lease	(12)	(12)	(13)
2,295	1,951	Actual Gross Debt at 31 March	1,928	1,905	1,012
8,195	7,645	Capital Financing Requirement	7,133	6,655	6,209
5,900	**5,694**	**Under / (over) borrowing**	**5,205**	**4,750**	**5,197**

25. The Head of Finance reports that he does not envisage the position indicated above leading to future difficulties for the Authority. This view takes into account current commitments, existing plans, and the proposals in the budget report.

The operational boundary

26. This is the limit which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

2015-16 Actual £000	2016-17 Estimate £000	Operational Boundary	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000
2,396	2,053	Debt	2,032	2,011	1,121
60	60	Other long term liabilities	60	60	60
2,456	**2,113**	**Total**	**2,092**	**2,071**	**1,181**

Authorised Limit for external debt

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

2015-16 Actual £000	2016-17 Estimate £000	Authorised limit for external debt	2017-18 Estimate £000	2018-19 Estimate £000	2019-20 Estimate £000
4,296	3,953	Borrowing	4,032	4,011	3,121
100	100	Other Long Term Liabilities	100	100	100
4,396	**4,053**	**Total Authorised Limit**	**4,132**	**4,111**	**3,221**

28. In agreeing these limits, it should be noted that the Authorised Limit for 2017-18 will be the statutory limit determined under Section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all authorities' plans, or those of a specific authority, although this power has not yet been exercised.

Maturity structure of debt

29. It is recommended that the Authority sets upper and lower limits for the maturity structure of its debt for the forthcoming year as follows:

Maturity Structure of Authority Borrowing	Lower Limit %	Upper Limit %
Under 12 months	0%	25%
12 months to 2 years	0%	25%
2 years to 5 years	0%	50%
5 years to 10 years	0%	60%
10 years and above	5%	100%

30. The above percentages are the ranges for the projected borrowing maturing in each year out of the total projected borrowing. The indicator is designed to be a control over the Authority having large concentrations of fixed interest rate debt needing to be replaced at any one time and thus being at risk of having to borrow large amounts when interest rates may be unfavourable.

Fixed interest rate exposure

31. The table below shows the Authority's upper limit for fixed interest rate exposure for the next three years. This indicator shows the percentage of borrowing that can be undertaken at fixed interest rates. Up to 100% of borrowing can be at fixed interest rates. Again, this indicator is set at levels to reduce the risk from interest rate movements.

Upper Limit – Fixed Interest Rate Exposure	**2016-17 %**	**2017-18 %**	**2018-19 %**
Fixed Interest Rates	100	100	100

Variable interest rate exposure

32. The following indicator shows the percentage of borrowing that can be undertaken at variable interest rates. The purpose of the indicator is to restrict variable rate borrowing in order to reduce the risk from sudden movements in interest rates. The Authority sets its upper limit for borrowing at variable rates at 40%.

Upper Limit – Variable Interest Rate Exposure	**2016-17 %**	**2017-18 %**	**2018-19 %**
Variable Interest Rates	40	40	40

Prospects for Interest Rates

33. Warrington Borough Council, who advise the Authority on treasury management, has appointed Capita Asset Services to assist and advise the Council and the Authority to formulate a view on interest rates.

Capita Asset Services' interest rate forecast

34. The following table gives their central view:

	Bank Rate	**PWLB Borrowing Rates**		
		5 year	**25 year**	**50 year**
Mar-17	0.25%	1.60%	2.90%	2.70%
Jun-17	0.25%	1.60%	2.90%	2.70%
Sep-17	0.25%	1.60%	2.90%	2.70%
Dec-17	0.25%	1.60%	3.00%	2.80%
Mar-18	0.25%	1.70%	3.00%	2.80%
Jun-18	0.25%	1.70%	3.00%	2.80%
Sep-18	0.25%	1.70%	3.10%	2.90%
Dec-18	0.25%	1.80%	3.10%	2.90%
Mar-19	0.25%	1.80%	3.20%	3.00%
Jun -19	0.50%	1.90%	3.20%	3.00%
Sep-19	0.50%	1.90%	3.30%	3.10%
Dec-19	0.75%	2.00%	3.30%	3.10%
Mar-20	0.75%	2.00%	3.40%	3.20%

35. The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half of 2016 than that forecast. Also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth.

36. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

37. Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

38. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty five years of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing purchases of bonds, added further impetus to this downward trend in bond yields and rising prices of bonds.

39. The opposite side of this coin has been a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election, has called into question whether, or when, this trend has, or may, reverse, especially when America is likely to lead the way in reversing monetary policy.

40. Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as strong economic growth becomes more firmly established. The expected substantial rise in the Fed. rate over the next few years may make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise.

41. Rising bond yields in the US would be likely to exert some upward pressure on bond yields in other developed countries but the degree of that upward pressure is likely to be dampened by how strong, or weak, the prospects for economic growth and

rising inflation are in each country, and on the degree of progress in the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

42. PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

43. The overall balance of risks to economic recovery in the UK is negative, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

44. Apart from the above uncertainties, negative risks to current forecasts for UK gilt yields and PWLB rates currently include:

    - Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
    - Major national polls:
        - Italian constitutional referendum 4.12.16;
        - Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.
        - Dutch general election 15.3.17;
        - French presidential election April/May 2017;
        - French National Assembly election June 2017;
        - German Federal election August – October 2017.
    - A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats
    - Weak capitalisation of some European banks, especially Italian.
    - Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.
    - UK economic growth and increases in inflation are weaker than we currently anticipate.
    - Weak growth or recession in the UK's main trading partners - the EU and US.

45. The potential for positive risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

    - UK inflation rising to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium in gilt yields.
    - A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.

- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).

Investment and borrowing rates

46. Investment returns are likely to remain low during 2017-18 and beyond. Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4th August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in the value of sterling, and an increase in inflation expectations.

47. The policy of avoiding new borrowing by running down spare cash balances, has served the Authority well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt.

48. There will be a potential cost attached to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost, being the difference between borrowing costs and investment returns.

49. Please see attached Appendix 2 for a more detailed economic background.

Borrowing Strategy

50. The capital expenditure plan provides details of the capital requirement of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet thisrequiremnet. This will involve both the organisation of the cash flow and, where the capital plan requires, the organisation of appropriate borrowing facilities.

51. In general, the Authority will borrow for one of two purposes – to finance cash flow in the short-term or to fund capital investment over the longer term. The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need (CFR), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high.

52. A key aim of the Treasury Management Strategy is to minimise the cost of the Authority's loan portfolio whilst ensuring that the obligation to repay the loan is spread over a period of time. This reduces the impact on the revenue budget of interest payments.

53. Currently the average rate of interest on the Authority's loan portfolio is 4.51%.

54. The Authority is not projecting a borrowing requirement during the life of its Medium Term Financial Plan to 2020-21. If it were to become necessary, the Authority will borrow from either the Public Works Loans Board (PWLB), the bond market or other Local Authorities during the strategy period.

55. The Head of Finance will monitor interest rates in financial markets in conjunction with Warrington Borough Council and adopt a pragmatic approach to changing circumstances, should any borrowing become required:

- If it was felt that there was a significant risk of a sharp fall in long and short term rates then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

56. Any decisions will be reported to the Fire Authority at the next available opportunity.

57. The Authority's policy for 2017-18 will be to run down investments to maximise returns and minimise risks. However, an assessment of the opportunity for borrowing will be made on the cost of borrowing long-term dependent on the interest rate movements.

Policy on Borrowing in Advance of Need

58. The Authority will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure value for money can be demonstrated and that the Authority can ensure the security of such funds.

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

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio, which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- consider the merits and demerits of alternative forms of funding;
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use;

- consider the impact of borrowing in advance on temporarily increased investment cash balances, which would lead to an increase in exposure to counterparty risk.

Debt Rescheduling

60. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

61. The reasons for any rescheduling to take place will include:

    (a) The generation of cash savings and / or discounted cash flow savings;

    (b) Fulfilment of the borrowing strategy outlined above;

    (c) Enhancement of the balance of the portfolio (amending the maturity profile and/or the balance of volatility).

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

63. All rescheduling will be reported to the Fire Authority at the earliest meeting following this action.

Annual Investment Strategy

64. The aim of our investment strategy is to:

    - Maintain capital security;
    - Maintain policy flexibility.

65. The Head of Finance, under delegated powers, will undertake the most appropriate form of investments depending on the prevailing interest rates at the time, taking into account the risks.

66. The Authority invests surplus cash balances only with certain approved organisations, as security of funds is of primary importance. All investments will be made in accordance with the Authority's investment policies and prevailing legislation and regulations.

Investment Policy

67. The Authority will have regard to the DCLG's Guidance on Local Government Investments ("the Guidance") issued in March 2004, any revisions to that guidance, the Audit Commission's report on Icelandic investments and the 2009 and revised 2011 CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

68. The Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Authority is low in order to give priority to security of its investments.

69. In accordance with guidance from DCLG and CIPFA, and in order to minimise the risk to investments, the Authority has stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list, which also enable diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

70. Ratings will not be the sole determinant of the quality of an institution. It is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Authority will engage with Warrington Borough Council and its advisors to maintain and monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. This is integrated into the credit methodology provided by the Warrington Borough Council's advisors, Capita Asset Services in producing its colour coding which show the varying degrees of suggested creditworthiness.

71. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

72. The Authority maintains a list of highly creditworthy counterparties, which will also enables diversification and thus avoidance of concentration of risk. The strategy helps to provide security of investment and minimisation of risk.

73. Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non-Specified' investments categories. Counterparty limits will be as set through the Authority's Treasury Management Practices Statement.

<u>Specified Investments (maturities up to one year)</u>

- Bank and Building Society Term Deposits
- Other Local Authority Term Deposits
- Debt Management Agency Deposit Facility
- Money Market Fund
- Government Liquidity Fund

<u>Non-specified Investments (maturities over one year)</u>

- Bank and Building Society Term Deposits
- Other Local Authority Term Deposits
- Money Market Funds

Other Non-specified Investments

- Fixed term deposits with variable rate and variable maturities
- Local Authority Mortgage Schemes

Counterparty Limits

	Maximum Limit
1. Specified Investments (limit per counterparty)	
UK Government	Unlimited
Local Authorities	£10.0m
Money Market Funds with a minimum rating AAA	£10.0m
Institutions with a minimum rating of AAA or A1	£10.0m
Pooled Fund Institution with a minimum rating of AAA or A1	£10.0m
Institutions with a minimum rating of AA- or A2	£7.5m
Institutions with a minimum rating of A- or A2	£5.0m
Building Societies – assets greater than £5,000 million	£2.5m
Building Societies – assets greater than £1,000 million	£1.75m
Building Societies – assets greater than £250 million	£1.0m
2. Non-specified Investments (limit per counterparty)	
Investments for more than 365 days	£5.0m
Other non specified investments	£5.0m
3.Other limits (on day of investment)	
Aggregate value of non specified investments	£10.0m

Creditworthiness Policy

74. The Authority uses the creditworthiness service provided by Capita Asset Services on behalf of Warrington Borough Council. This service employs a sophisticated modelling approach utilising credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

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

75. The creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue weight to just one agency's ratings.

76. Typically the minimum credit ratings criteria the Authority use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability

rating of a-, and a support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

77. All credit ratings will be monitored weekly by Warrington Borough Council, which is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service:

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

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

Country Limits

79. The Authority has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide them). The list will be added to, or deducted from by officers should ratings change in accordance with this policy.

Liquidity of Investments

80. The maximum period of investment of Authority money will be ten years. There will be no more than £10m committed for a period over 5 years.

Policy on the use of External Service Providers

81. The Authority uses Warrington Borough Council as its external treasury management advisers. They in turn use Capita Services to advise them.

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

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

Treasury Management Scheme of Delegation

84. The scheme of delegation is in the Authority's Treasury Management Practices statement which will be reported to the Fire Authority on an annual basis.

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APPENDIX 2

ECONOMIC BACKGROUND

UK. GDP growth rates in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.

The **referendum vote for Brexit** in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

The **Monetary Policy Committee, (MPC), meeting of 4th August** was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.

The **MPC meeting of 3 November** left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank.

The latest MPC decision included a forward view that **Bank Rate** could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.

The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, **consumers** have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September

2015. In addition, the GfK consumer confidence index has recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result.

Bank of England GDP forecasts in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.

Capital Economics' GDP forecasts are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.

The Chancellor has said he will do 'whatever is needed' i.e. to **promote growth**; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November.

The other key factor in forecasts for Bank Rate is **inflation** where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of 3.2% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, (16% down against the US dollar and 11% down against the Euro); this will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

What is clear is that **consumer disposable income** will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure for October surprised by under shooting forecasts at 0.9%. However, producer output prices rose at 2.1% and core inflation was up at 1.4%, confirming the likely future upwards path.

Gilt yields, and consequently PWLB rates, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and have hit a peak on the way up again of 1.46% on 14 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.

Employment has been growing steadily during 2016, despite initial expectations that the referendum would cause a fall in employment. However, the latest employment data in November, (for October), showed a distinct slowdown in the rate of employment growth and an increase in the rate of growth of the unemployment claimant count. **House prices** have been rising during 2016 at a modest pace but the pace of increase has been slowing since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

USA. The American economy had a patchy 2015 with sharp swings in the quarterly **growth rate** leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 at +0.8%, (on an annualised basis), and quarter 2 at 1.4% left average growth for the first half at a weak 1.1%. However, the first estimate for quarter 3 at 2.9% signalled a rebound to strong growth. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December 2016. Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis.

The result of the **presidential election** in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment. However, the US does have a substantial amount of hidden unemployment in terms of an unusually large, (for a developed economy), percentage of the working population not actively seeking employment.

Trump's election has had a profound effect on the **bond market and bond yields** have risen sharply in the week since his election. Time will tell if this is a temporary over reaction, or a reasonable assessment of his election promises to cut taxes at the same time as boosting expenditure. This could lead to a sharp rise in total debt issuance from the current level of around 72% of GDP towards 100% during his term in office. However, although the Republicans now have a monopoly of power for the first time since the 1920s, in having a President and a majority in both Congress and the Senate, there is by no means any certainty that the politicians and advisers he has been appointing to his team, and both houses, will implement the more extreme policies that Trump outlined during his election campaign. Indeed, Trump may even rein back on some of those policies himself.

The election does not appear likely to have much impact on the Fed. in terms of holding back further on increasing **the Fed. Rate.** Accordingly, the next rate rise is still widely expected to occur in December 2016, followed by sharper increases thereafter, which may also cause Treasury yields to rise further. If the Trump package of policies is fully implemented, there is likely to be a significant increase in inflationary pressures which could, in turn, mean that the pace of further Fed. Rate increases will be quicker and stronger than had been previously expected.

In the first week since the US election, there has been a major shift in **investor sentiment** away from bonds to equities, especially in the US. However, gilt yields in the UK and bond yields in the EU have also been dragged higher. Some commentators are saying that this rise has been an overreaction to the US election result which is likely to be reversed. Other commentators take the view that this could well be the start of the long expected eventual unwinding of bond prices propelled upwards to unrealistically high levels, (and conversely bond yields pushed down), by the artificial and temporary power of quantitative easing.

EZ. In the Eurozone, **the ECB** commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from low levels towards the target of 2%.

EZ GDP growth in the first three quarters of 2016 has been 0.5%, +0.3% and +0.3%, (+1.6% y/y). Forward indications are that economic growth in the EU is likely to continue at moderate levels. This has added to comments from many forecasters that those central banks in countries around the world which are currently struggling to combat low growth, are running out of ammunition to stimulate growth and to boost inflation. Central banks have also been stressing that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

There are also significant specific political and other risks within the EZ: -

- **Greece** continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required by the EU to make the country more efficient and to make significant progress towards the country being able to pay its way – and before the EU is prepared to agree to release further bail out funds.
- **Spain** has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority of the 350 seats. At the eleventh hour on 31 October, before it would have become compulsory to call a third general election, the party with the biggest bloc of seats (137), was given a majority confidence vote to form a government. This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.
- The under capitalisation of **Italian banks** poses a major risk. Some **German banks** are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they are also 'too big, and too important to their national economies, to be allowed to fail'.
- **4 December Italian constitutional referendum** on reforming the Senate and reducing its powers; this has also become a confidence vote on Prime Minister Renzi who originally said he would resign if there is a 'no' vote, but has since back tracked on that in the light of adverse poll predictions. A rejection of these proposals would stop progress to fundamental political and economic reform which is urgently needed to deal with Italy's core problems, especially low growth and a very high debt to GDP ratio of 135%. They are also intended to give Italy more stable government as no western European country has had such a multiplicity of governments since the Second World War as Italy, due to the equal split of power between the two chambers of the Parliament which are both voted in by the Italian electorate but by using different voting systems. It is unclear what the political, and other, repercussions could be if there is a 'No' vote.
- **Dutch general election 15.3.17**; a far right party is currently polling neck and neck with the incumbent ruling party. In addition, anti-big business and anti-EU activists have already collected two thirds of the 300,000 signatures required to force a

referendum to be taken on approving the EU – Canada free trade pact. This could delay the pact until a referendum in 2018 which would require unanimous approval by all EU governments before it can be finalised. In April 2016, Dutch voters rejected by 61.1% an EU – Ukraine cooperation pact under the same referendum law. Dutch activists are concerned by the lack of democracy in the institutions of the EU.

- **French presidential election;** first round 13 April; second round 7 May 2017.
- **French National Assembly election June 2017.**
- **German Federal election August – 22 October 2017.** This could be affected by significant shifts in voter intentions as a result of terrorist attacks, dealing with a huge influx of immigrants and a rise in anti EU sentiment.
- The core EU, (note, not just the Eurozone currency area), principle of **free movement of people** within the EU is a growing issue leading to major stress and tension between EU states, especially with the Visegrad bloc of former communist states.

Given the number and type of challenges the EU faces in the next eighteen months, there is an identifiable risk for the EU project to be called into fundamental question. The risk of an electoral revolt against the EU establishment has gained traction after the shock results of the UK referendum and the US Presidential election. But it remains to be seen whether any shift in sentiment will gain sufficient traction to produce any further shocks within the EU.

Asia. Economic growth in **China** has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures, though these further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.

Economic growth in **Japan** is still patchy, at best, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

Emerging countries. There have been major concerns around the vulnerability of some emerging countries exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. The ending of sanctions on Iran has also brought a further significant increase in oil supplies into the world markets. While these concerns have subsided during 2016, if interest rates in the USA do rise substantially over the next few years, (and this could also be accompanied by a rise in the value of the dollar in exchange markets), this could cause significant problems for those emerging countries with large amounts of debt denominated in dollars. The Bank of International Settlements has recently released a report that $340bn of emerging market corporate debt will fall due for repayment in the remaining two months of 2016 and in 2017 – a 40% increase on the figure for the last three years.

Financial markets could also be vulnerable to risks from those emerging countries with major sovereign wealth funds, that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

Brexit timetable and process

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: two-year negotiation period on the terms of exit. This period can be extended with the agreement of all members i.e. not that likely.
- UK continues as an EU member during this two-year period with access to the single market and tariff free trade between the EU and UK.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK may also exit without any such agreements.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.

CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 14 FEBRUARY 2017
REPORT OF: CHIEF FIRE OFFICER AND CHIEF EXECUTIVE
AUTHOR: SIAN CORRIGAN

SUBJECT: INTEGRATED RISK MANAGEMENT PLAN 2017-18 (IRMP 14)

Purpose of Report

1. This report seeks Members' approval to publish the Authority's annual action plan for 2017-18 (IRMP 14).

Recommended: That:

[1] Members consider the feedback received from the consultation on the Integrated Risk Management Plan 2017-18 (IRMP 14);

[2] subject to Members' comments and decisions, approval is given for publication of IRMP 14 by 31st March 2017; and

[3] the Chief Fire Officer and Chief Executive be authorised to make any final changes to the draft IRMP 14 (including the addition of final performance and financial information).

Background

2. Members approved the draft IRMP 14 proposals for consultation at the Fire Authority meeting on 21st September 2016. This followed a number of inputs and discussions at Member Planning Days in July and September 2016.

3. A public, staff and stakeholder consultation was subsequently launched on 3rd October 2016 to run until 3rd January 2017 (13 weeks) in order to gather feedback on the Authority's proposals for 2017/18. For the first time the IRMP consultation also incorporated questions relating to the Public Satisfaction Survey. This had previously been undertaken separately.

4. The Consultation Institute was again engaged to provide an independent assessment of the consultation in order to ensure it met recognised standards of best practice.

5. Members have been provided with updates about progress of the consultation at both their November and January Planning Days.

6. The full consultation report has now been completed and an electronic copy circulated to Members, with hard copies available in the group rooms. A copy has also been made available on the Service's website and intranet. As in

previous years, the full report details both the survey results and the feedback comments, as well as providing a comprehensive overview of all aspects of the consultation programme.

Consultation programme

7. The table below outlines the engagement methods used for each of the key groups consulted during the 13-week period.

Underpinning the entire approach was a survey, which posed 22 questions relating to the various proposals set out within the draft IRMP 14 and also more general questions in respect of public satisfaction.

<table>
<tr><th>Group</th><th>Methods of engagement</th></tr>
<tr><td>Public</td><td>

Eleven date consultation roadshow in major centres of population across Cheshire East, Cheshire West and Chester, Halton and Warrington over the course of six weeks.
Online survey accessible from the homepage of www.cheshirefire.gov.uk and in hard copy on request.
Media coverage and alerts via Facebook, Twitter and Google+ to publicise roadshow dates and raise awareness of ways to get involved with the consultation.
Letters and surveys sent to members of the Service’s Response consultation panel.
Engaging with local residents at various events held by community groups, such as:

Attendance at Chester Pride on Saturday 1st October 2016
Attending the multi-faith open day at CHAWREC’s Unity Centre on Saturday 5th November 2016
Visiting the Mulberry Care Centre in Chester on Wednesday 26th October 2016.

Postal surveys sent to members of the Cheshire, Halton and Warrington Race and Equality Centre’s 276-strong consultation panel.
Emails raising awareness of the consultation sent to various black, Asian and minority ethnic (BAME) and disability groups, including:

Vale Royal Disability Services
Cheshire Centre for Independent Living
Warrington Disability Partnership
Halton Disability Partnership
Macclesfield Eye Society
Deafness Support Network
Warrington Islamic Association
Warrington Ethnic Communities Association
Cheshire Asian and Minority Community Council
South Cheshire Multi Cultural Forum
Irish Community Care
Age UK Cheshire
Crewe Older People’s Network

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</table>

Group	Methods of engagement
	◦ Body Positive ◦ Unique Transgender ◦ Chester Pride committee
Staff	• Seven 'leadership roadshows' held at various locations, giving station based staff in each of the Service's unitary areas the opportunity to listen to the proposals within the draft IRMP 14 and talk to members of the Service's Management Team (SMT) • Online survey accessible from the intranet homepage, together with a dedicated consultation intranet page which provided copies of the draft IRMP 14 and supporting documentation. • Global emails to all staff and reminders in *The Green* (weekly staff bulletin). • Meetings with Fire Brigades Union (FBU) representatives and regular meetings with trade union representatives through the Joint Consultation Negotiation Panel (JCNP) process.
Stakeholders	• Email to over 200 key individuals, business groups and organisations on whom the IRMP proposals may have an impact, including neighbouring fire and rescue services, local partner agencies such as: NHS Trusts; Clinical Commissioning Groups; Cheshire Constabulary; Police and Crime Commissioner, and representative bodies. • Copies of the draft Plan and summary to all Members of Parliament and Peers. • Electronic copies of the summary draft Plan and summary to all unitary councillors and town/parish councils. • Face to face briefings arranged for six Members of Parliament whose constituencies could be impacted by the proposals and briefings to council leaders and chief executives via existing sub-regional structures.

The consultation's reach

8. 632 members of the public completed the formal consultation survey. This provides a margin of error of plus or minus 4% at a 95% level of confidence.

9. Responses were received from all station areas, all age groups, 45% men and 55% women, 15% from those with a disability, 12% from black and ethnic minorities (BAME) and 12 responses from those identifying as lesbian, gay, bisexual and transgender (LGBT).

10. 137 members of staff completed the survey but others shared their views via a series of internal roadshows and a management briefing.

11. Formal written responses were received from eight stakeholders. In addition feedback was taken into account from the face to face briefings with six MPs, the council leaders and chief executives via sub-regional meetings.

Consultation results (public and staff)

The following provides a summary of the responses received from both staff and the public from the IRMP 14 consultation:

12. **Overall satisfaction with the Service:** 99% of the public valued Cheshire Fire and Rescue Service as a local service provider and 92% were satisfied with the overall performance of Cheshire Fire and Rescue Service.

13. **Value for money:** 80% of the public agreed that Cheshire Fire Authority represented value for money based on the existing level of precept.

14. **IRMP Overall:** 79% of the public and 49% of staff agreed overall with the proposals as set out in the draft IRMP 14, while 4% of public and 28% of staff disagreed.

15. **Council Tax increase:** 66% of the public and 58% of staff agreed with the proposed increase in the precept of 1.99%. 12% of the public and 21% of staff disagreed with this proposal.

    A further 298 public additional comments were also submitted regarding increasing the precept. The vast majority of these comments were in support of the increase. Of the 53 comments raising concerns, some highlighted the impact of tax rises on fixed incomes; others were concerned about what they perceived as continuing cuts in front line services.

16. **Hydraulic Platform Review:** 19% of the public and 30% of staff agreed with the proposed move from three to two hydraulic platforms across the Service; compared to 36% of the public and 42% of staff who disagreed with the proposal.

    The comments from both staff and public opposed to the reduction in the number of hydraulic platforms focused on three main concerns: response times for the two remaining hydraulic platforms traveling into areas of Cheshire East; the impact the change might have on the Service's ability to deal with incidents in some high rise properties; and concerns over resilience should one hydraulic platform be unavailable.

17. **Review of Staffing Arrangements:** 41% of public and 36% of staff agreed with the proposed review of staffing systems at Birchwood, Macclesfield, Penketh and Wilmslow fire stations. 10% of the public and 38% of staff disagreed with this.

    135 additional comments were made by the public. 42 respondents stated objections to any reduction in service and 18 also felt that more detail on a review was needed before they could offer a firm view. 13 respondents

supported a review and seven felt that this was a matter that should be left to professional judgment.

38 additional comments were left by staff, 10 of which supported a process of review. Nine staff questioned the timing of reviewing Penketh before the availability of incident data and seven stated that operational cover shouldn't be reduced as a result of any review.

18. **Additional Engine at Crewe and Ellesmere Port Fire Stations:** 75% of the public and 45% of staff agreed with the proposed introduction of additional day-staffed engines at Crewe and Ellesmere Port fire stations. 4% of the public and 31% staff disagreed.

    The public were supportive of additional resources but some raised concerns over a perceived lack of fire cover in the evening and at weekends.

    It is also worth noting that this question did cause some confusion as the second fire engine at both stations has not yet made the transition to on-call as planned. Therefore, some staff questioned whether this was indeed 'an additional' resource. Staff expressed concern over on-call availability and a potential reduced resilience or a reduction in service in Cheshire East.

    This proposal did generate debate in the Crewe community about the planned change of the second fire engine to on-call. Although this was out of the scope of this consultation reference to it has been included in the full consultation report (Members have already approved the change at the Fire Authority meeting in February 2013).

19. **Expansion of the Cardiac Response Pilot:** 89% of the public and 82% of staff agreed with rolling out the cardiac response pilot. Only 4% of the public and 9% of staff disagreed.

    There was strong and growing support (compared to the 2015 consultation) from both public and staff for this initiative.

20. **Redeveloping Operational Training:** 65% of the public and 70% of staff agreed with plans to redevelop operational training at the Service's Winsford Headquarters, with 3% public and 13% of staff disagreeing.

    There was significant support for this proposal from both the public and staff.

21. **Automatic Fire Alarm Policy:** 68% of the public and 45% of staff agreed with the proposal to introduce a new Automatic Fire Alarm (AFA) policy. 3% of the public and 19% of staff disagreed.

    In terms of the public comments relating to this question most were supportive of the proposal. While 11 out of 25 staff comments expressed a desire to continue with the current response to AFAs.

22. **Sprinklers in Schools:** 96% of the public and 92% of staff agreed with the Service's campaign to ensure that requirements for sprinkler systems in schools remain in place. Only 1% of the public and 4% of staff disagreed.

    There was extremely strong support from both staff and the public for this proposal.

Stakeholder feedback

23. Responses, including those from local authorities and neighbouring fire and rescue services in Staffordshire and Shropshire, primarily expressed agreement with the Plan overall. Comments highlighted the benefits of using a risk-based methodology in which to direct and evaluate activity and supported collaborating with other local partners to improve outcomes for local people. Support was also expressed for the proposed expansion of the cardiac response trial. A response from Antrobus Parish Council highlighted the importance of the availability of sufficient fire hydrants in rural areas.

24. A consultation response was submitted by the Fire Brigades Union (FBU) which made six recommendations to the Authority. Specifically in relation to the proposals within this consultation, there were objections to the proposed removal of the third hydraulic platform and the introduction of the third fire engine at Crewe and Ellesmere Port – with a preference for these stations to maintain two wholetime fire engines. There were also wider points regarding call handling, response times, the staffing of wholetime appliances, operational equipment and welfare. The FBU attended the Members' Planning Day in January 2017 to present their response.

25. A response was also received from West Cheshire Trades Union Council which supported the position of the FBU.

Consultation outcomes

26. As a result of feedback received during the consultation process the following changes are being proposed for IRMP 14:

27. **Review of Staffing Arrangements Wilmslow:** In light of feedback received during the consultation period, the Authority will undertake a further review of the suitability and sustainability of the current duty system at Wilmslow Fire Station.

28. **Review of Staffing Arrangements Penketh:** The draft IRMP 14 proposed the introduction of the nucleus duty system in Penketh, similar to that which operates at Wilmslow, Birchwood and Macclesfield. However, in light of the feedback received the Authority proposes to reconsider this proposal in 2018/19. Any future proposal will be subject to a further period of consultation.

29. **Hydraulic Platform Review**: The draft IRMP 14 proposed a reduction from 3 to 2 hydraulic platforms (or aerial appliances). In light of feedback a hydraulic platform will be maintained at Macclesfield until the Service assesses the impact of the move of the hydraulic platform from Stockton Heath to Lymm. It is

considered appropriate to review this proposal again in 2018/19. Any future proposal will be subject to a further period of consultation.

30. **Crewe and Ellesmere Port:** In 2013 the Fire Authority approved the first Emergency Response Programme which set out a series of proposals to be implemented over a number of years. This included proposals to change the duty system on the second fire engines at Crewe and Ellesmere Port from wholetime to on-call. The draft IRMP 14 for 2017-18 included plans to introduce an additional resource during the day, at both stations, to support the transition to the on-call crewing arrangements of the second fire engines. The Fire Authority will still work towards implementing these on-call crewing arrangements but will continue to monitor the levels of operational activity, on-call availability and progress around the recruitment of on-call firefighters, with a commitment to review the proposal if it is not deemed to be achievable and sustainable.

Publication of IRMP 14

31. A copy of the updated draft IRMP 14 has been circulated with the agenda. Once approved it will be sent to be printed. Copies will then be distributed to Members, staff and key stakeholders.

32. The latest Medium Term Financial Plan in the document assumes the Authority has agreed to increase its Council Tax precept by 1.99% - clearly this is subject to the budget decisions made by Members at today's meeting.

33. Corporate and unitary performance information has also been added to the publication, with the figures based on data as at 31st December 2016 projected to the end of the financial year.

34. All performance and financial figures will be updated with the latest available information just prior to final publication in March and will be signed off by the Chief Fire Officer and Chief Executive. Similarly, the timetable for the completion of the Authority's programme to build new fire stations will also need to be updated just before printing.

Financial implications

35. All elements of the IRMP 14 consultation programme have been delivered through the use of existing departmental budgets and staff. Printing costs for the final version of IRMP14 and any summary versions distributed to consultees can also be met from within existing publication budgets.

Legal implications

36. Publication of the final IRMP 14 for 2017-18 by March 31st 2017 will fulfil the Authority's statutory responsibilities.

Equality and Diversity implications

37. The consultation programme was developed to maximise opportunities to involve local residents by reflecting issues highlighted in the impact assessment for the Corporate Consultation and Engagement Strategy.

38. Additional effort was made to encourage responses from a diverse section of the community. This included attendance at Chester Pride to maximise engagement from local LGBT communities, attendance at a number of BAME groups in the Crewe area and the use of the CHAWREC (Cheshire, Halton and Warrington Race Equality Centre) Response Panel.

39. The final consultation report includes a breakdown of the results from the IRMP 14 consultation so that the Authority can consider the impact of any differences by characteristic.

Environmental implications.

40. Efforts will be made to ensure that the IRMP 14 is printed on responsibly sourced paper and that digital distribution is considered alongside paper.

BACKGROUND PAPERS:
Making Cheshire Safer – Integrated Risk Management Plan 2017-18 (IRMP 14)

Integrated Risk Management Plan 2017-18 – Report on public, staff and partner consultation.

CHESHIRE FIRE AUTHORITY

MEETING OF: **CHESHIRE FIRE AUTHORITY**
DATE: **14 FEBRUARY 2017**
REPORT OF: **HEAD OF PEOPLE AND DEVELOPMENT**
AUTHOR: **ANDREA HARVEY**

SUBJECT: **PAY POLICY STATEMENT 2017-18**

Purpose of Report

1. This report seeks approval to publish the attached Pay Policy Statement for 2017-18. The publishing of a Pay Policy Statement is an annual requirement which must take place by 31st March immediately preceding the financial year to which it relates.

Recommended: That Members

[1] approve the Pay Policy Statement attached at *Appendix 1*; and

[2] authorise the Head of People and Development and the Head of Legal and Democratic Services to make such changes to the Pay Policy Statement as are necessary to reflect the issues mentioned in paragraph 10 of the report.

Background

2. As a result of the Localism Act 2011 all local authorities are mandated to publish a pay policy statement on an annual basis which sets out the Authority's policies for the financial year relating to the remuneration of it's Chief Officers, the remuneration of it's lowest paid employees and the relationship between the pay of Chief Officers and that of other employees.

3. This requirement was introduced in order to:

- Increase the accountability, transparency and fairness of the setting of local pay;
- To give local people access to information to allow them to determine whether pay is appropriate;
- To ensure the pay of senior staff is fair in the context of the pay of the rest of the workforce;

4. The information within the annual Statement must include the policies relating to the level and elements of remuneration for each Chief Officer, including salary, bonuses and any benefits in kind.

5. The definition of “Chief Officer” for purposes of this Authority and the pay policy statement means Chief Fire Officer, Deputy Chief Fire Officer, and the two Statutory Officers, i.e. the Monitoring Officer and the Section 151 Finance Officer.

6. In terms of transparency, this Authority already publishes information on its website relating to the pay of senior officers including the salaries, allowances and benefits in kind paid to the Chief Fire Officer, Deputy Chief Fire Officer, and Statutory Officers.

7. In addition to this, the Authority also publishes the number of other employees whose salaries exceed £50,000 within certain pay bands which is over and above the requirement of the Code of Recommended Practice for Local Authorities on Data Transparency which recommends that all salaries of senior post holders over £58,200 are published. The Minutes of the Brigade Manager’s Pay and Performance Committee are also accessible via the website.

8. As the revised Pay Policy Statement has a number of prerequisites in relation to content and information, there have been minimal changes to the version that was approved last year.

9. The only real change refers to the introduction of Apprentices who, by virtue of the fact that they are in training, receive lower rates of pay than other employees. Although Cheshire Fire and Rescue have chosen to pay 26% above the Government’s minimum rates of pay for Apprentices, this has impacted on the ratios when comparisons are made between the highest and lowest paid employees. For completeness therefore, two sets of ratios have been provided in this year’s statement so that the overall ratio is not skewed by the introduction of Apprentices into the Service.

10. There are currently two outstanding issues pertaining to pay that are expected to lead to changes to the Pay Policy Statement. These are:

    - Work ongoing in respect of the White Book terms and conditions which currently apply to senior support staff. As the White Book was not designed for use by Fire and Rescue Service personnel, the intention is to review the appropriateness of applying the Green Book for all support staff roles. The White Book relates more appropriately to Chief Executives and Directors in Local Authorities who hold particular positions with higher public profiles and greater accountability. Our Independent HR Consultant, who is currently commissioned to coordinate the Annual Brigade Manager’s Pay review, will be asked to progress this.

    - During 2017 it is also expected that the Public Sector Exit Regulations will come into force. Draft Regulations have been published and under these new Regulations the total cost of exit payments to individuals leaving the Authority will be capped at £95,000. This will apply to compulsory and voluntary redundancies, including early retirements and redundancies made under the pension regulations on the grounds of efficiency. The cap will also apply to compensation payments linked to settlement agreements and the employer costs of providing early unreduced access to pensions for those aged 55 and over. The Fire Authority will have the power to grant a waiver of the cap and a decision to do so will have to be recorded, together with the reasons for this, and this information must be published as part of the annual accounts.

11. The changes in respect of both of these issues will need to be reflected in various HR policies as well as the Pay Policy Statement at the appropriate time.

Financial Implications

12. The Pay Policy Statement is intended to provide transparency and a clear rationale to explain the Authority's approach to pay for the public domain.

Legal Implications

13. The requirements under the Localism Act to produce and publish the Pay Policy Statement supplement all the existing duties and responsibilities of the Authority as an employer, particularly it's responsibilities under the Equality Act 2010 to avoid discrimination and provide equal pay. Since the Statement contains policies concerned with remuneration rather than information relating to individuals, the provisions of the Data Protection Act are not engaged. Where the salary of senior post holders is published, outside the Pay Policy Statement, it is done so in order to comply with the Code of Recommended Practice for Local Authorities on Data Transparency.

Equality and Diversity Implications

14. The Pay Policy Statement will assist the Authority to; monitor remuneration across the Service; and provide a fair system of remuneration which avoids discrimination.

Environmental Implications

15. There are no environmental implications.

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Cheshire Fire Authority

Annual Pay Policy Statement 2017/18

Introduction

This statement has been prepared in accordance with Chapter 8 of the Localism Act 2011 and guidance issued by the Government and has been approved by the Fire Authority.

Cheshire Fire Authority is committed to:-

- Seeking to ensure that all staff are valued and receive proper recognition for their work and contribution to the Service.
- Working within available resources and financial constraints.
- Recognising the importance of pay in recruiting, retaining, motivating and rewarding staff.
- Ensuring the application of open, objective, fair and consistent criteria in all decisions on staff pay.
- Ensuring that pay and staffing decisions are in line with the Service's duties and legal obligations under all relevant employment legislation including the Equality Act 2010.

All staff employed by the Authority are paid in accordance with nationally agreed pay scale and terms and conditions. Full details of all matters relating to pay for all staff is contained within the Pay and Recognition Policy, which is reviewed formally every three years, although annual interim reviews are undertaken to update pay scales and other national changes that impact pay.

Highest Paid Employees

Brigade Managers

The terms and conditions of service of Brigade Managers i.e. the Chief Fire Officer and Deputy Chief Fire Officer are in accordance with the NJC for Brigade Managers of the Fire and Rescue Services Scheme of Conditions of Service ("the Gold Book") as varied locally under the 'twin track approach'.

Under the twin track approach the NJC publishes, annually, recommended minimum levels of salary applicable to chief fire officers. The NJC reviews the level of pay increase, having given consideration to affordability and the rate of inflation. This increase is communicated to fire authorities by circular and fire authorities are able to determine locally all other decisions about the level of pay and remuneration.

The Pay and Performance Committee meets annually in January to review that pay. This Committee determines salary levels and salary reviews for the two Brigade Manager posts.

In addition to basic salary, each Brigade Manager receives:

1. An appropriate car in order to provide emergency cover.
2. A non-consolidated uniform allowance, paid on an annual basis in April.
3. Removal assistance if required to move home, at the discretion of the Authority.

In setting the salary of the Chief Fire Officer, both on appointment and when in post, the Committee considers the national picture and the salary of Chief Fire Officers (mean, median, upper and lower quartile) in comparable Fire Authorities.

When reviewing pay the Committee will also consider whether any additional payments should be made. When agreeing additional payments, such as recognition awards, the Committee will take into consideration:

- Excellent performance both individually and as an organisation
- Additional regional and national roles.

The maximum amount payable as a recognition award should not exceed 7.5% of salary and the payment of anything in excess of 5% should be exceptional.

Brigade Managers are eligible to join the Firefighters' Pension Scheme. The employee contribution rates are between 11% and 17% of pensionable pay and the employer contribution rate is 21.7 % of pensionable pay.

The salary of the Deputy Chief Fire Officer is calculated as a percentage of the Chief Fire Officers salary (known as the 'gearing'). The Deputy Chief Fire Officer currently receives 85% of the Chief Fire Officers salary under a personal protection arrangement.

On ceasing to hold office the terms of the national gearing of 100% for the Chief Fire Officer, and 80% for the Deputy Chief Fire Officer will apply to any future recruitment.

Any new post at Brigade Manager level, with a salary package in excess of £100,000, will be subject to the approval of the Fire Authority prior to advertisement.

The details of the salaries, allowances and benefits in kind of Brigade Managers and Heads of Department are published each year on the Authority's website, within the Notes to the Financial Statements within the

Annual Accounts. The Authority also publishes the pay of the two Brigade Managers within its Publication Scheme.

Heads of Department

There are a number of Heads of Department within the structure, some of whom are uniformed officers, who are paid in accordance with the NJC for Local Authorities Fire Brigades (the "Grey Book") and some of whom are paid in accordance with the Joint Negotiating Committee for Chief Officers (the "White Book"). It is the intention of the Service to phase out recruitment onto the White Book terms and conditions so that all future Heads of Department are employed on Green Book terms and conditions.

Both the Head of Legal and Democratic Services , who acts as Monitoring Officer to the Authority, and the section 151 Finance Officer are Heads of Department who report directly to the Chief Fire Officer, and the Localism Act also requires the Authority to provide details of the policies relating to their remuneration.

Their basic pay rates are negotiated nationally at the Joint National Council for Chief Officers. The grading of posts is determined following the application of the Hay Job Evaluation scheme.

New employees are normally appointed to the minimum pay level for the relevant grade and progression within the grade is by way of annual increment. The normal increment date is 1st April.

The annual pay award is normally from 1st April each year and is negotiated nationally, not locally.

In addition to their basic salary, a recognition payment can be made to those White Book Heads of Department who are required to undertake duties outside the scope of their normal duties over an extended period. Such payments are made in accordance with the criteria contained in Section 5 of the Pay and Recognition Policy, "Recognition Award Scheme".

"Grey Book" Heads of Department are eligible to join the Firefighters' Pension Scheme. The employee contribution rates for the 2015 scheme are between 10% and 13.5% of pensionable pay and the employer contribution rate is 14.3%. Some employees may be protected members of the 1992 scheme where contribution rates are between 11% and 17% and the employer contribution rate is 21.7%.

"White Book" Heads of Department are eligible to join the Local Government Pension Scheme ("LGPS"). Under the LGPS the employee contribution rates are between 5.5% and 12.5 % and the employer contribution rates are 22 %.

The Authority's annual statement of accounts includes details of the pay of Heads of Department with an annual salary of over £50,000.

Lowest paid employees – Apprentices

Support staff below the level of Head of Department are paid in accordance with the National Joint Council for Local Government Services Officers ("Green Book").

The basic pay for each Green Book employee consists of a salary scale containing a number of spinal column points on the NJC pay spine.

An increment within the spinal column range is awarded on an annual basis and recognises satisfactory performance up to the maximum salary scale. The normal increment date is the 1st April. The annual pay award is applicable from 1st April each year and is negotiated nationally.

As with all other staff, support staff are eligible for recognition awards, in accordance with the criteria contained in Section 5 of the Pay and Recognition Policy.

The lowest paid employees within this Authority are those that have been recruited onto an Apprenticeship Scheme. The National Minimum Wage (NMW) regulations determine the pay requirements for an apprentice. All apprentices are paid a standard rate in their first year, but this may rise in the second and third years of the apprenticeship; dependent on age.

The National Apprenticeship Service encourages organisations to pay higher than the minimum wage in order to remain competitive and attract a better calibre of individual. The agreed rate of pay for an Apprentice within Cheshire Fire and Rescue Service is 26% above the Government's recommended minimum rate of pay for Apprentices. The rates of pay for Apprentices is shown in the table below.

Cheshire Apprentice Rates	Apprentice Hourly Rate	Apprentice Weekly Salary	Apprentice Annual Salary
Under 19 years or in 1st year of an apprenticeship	£4.28	£158	£8257
19+ (and beyond first year of apprenticeship)	£6.99	£259	£13,486
21+ (and beyond first year of apprenticeship)	£8.76	£324	£16,900

In respect of Apprentices as Cheshire Fire and Rescue Service has a total employee salary bill of above £3m a year, there is also a requirement to pay a Government levy. This is charged at a rate of 0.5% of the total annual pay bill but the Service incurs a levy allowance of £15,000 per year to offset the levy payment. This levy is paid to HM Revenue and Customs (HMRC) through the Pay as You Earn (PAYE) process.

Lowest paid employees – Other Employees

The lowest paid employees outside of the Apprenticeship scheme are paid at Scale 2, starting point 13 and as of 31st March 2017 this is £16191 per annum.

Payments on Termination of Employment

There are a number of circumstances where early retirement or voluntary redundancy payments may be paid to employees on ceasing to hold office. This can relate to individual circumstances, for example ill health, or can be the result of organisational change or in the interests of the efficiency of the Service. In making such payments the Service will exercise it's discretion reasonably and objectively and in accordance with it's Reorganisation and Redeployment Policy and the Redundancy Policy.

For employees in the Local Government Pension Scheme with at least 104 weeks service the redundancy payment is enhanced and is based upon the statutory redundancy payments scale, multiplied by a factor of 2.2 and based upon actual weeks pay rather than the statutory maximum.

For all other staff redundancy payments are not enhanced and payments are calculated in accordance with the statutory redundancy provisions.

The payment of any early pension benefits where redundancy occurs will be made in accordance with the regulations as detailed within the relevant pension scheme and the Service's Statement of policy on making discretionary payments on early termination of employment.

All severance payments made to staff on termination of employment are calculated in accordance with our policies and any statutory guidance. The Authority also takes into account guidance issued by the Audit Commission which remains relevant. Any severance payments in excess of £100,000 will need to be approved by the full Authority (and it will receive full details as required by guidance issued under the Localism Act 2011).

Re-engagement

It is not the Authority's policy to re-employ or to enter into a contract for services with employees who have been made redundant or who have resigned/retired from the Service, unless there are exceptional circumstances where their specialist knowledge and expertise is required.

The relationship between the remuneration of Chief Officers and other employees

The ratio between the highest paid employee and the mean (average) earnings across the Authority is recommended as the best way of illustrating the relationship between the two. This is called the pay multiple, and for this Authority the pay multiple for these purposes is 1:7.5.

The Hutton Review conducted in 2012 asked for a pay multiple between the highest paid and the lowest paid not to exceed 1:20. If this calculation is done using the Apprenticeship rate of pay the Authority would have a multiple of 1:19. If the Apprentices are excluded from this calculation the Authority would have a multiple of 1:9.6 which is well within the recommended range.

Annual Review

This pay policy statement will be reviewed on an annual basis prior to the start of the financial year, and will next be reviewed by the Fire Authority in February 2018.

[NB: Some of the documents that are underlined will be hyperlinked when the policy is published on the internet]

CHESHIRE FIRE AUTHORITY

MEETING OF: **CHESHIRE FIRE AUTHORITY**
DATE: **14 FEBRUARY 2017**
REPORT OF: **CHIEF FIRE OFFICER AND CHIEF EXECUTIVE**
AUTHOR: **MATTHEW MAGUIRE**

SUBJECT: EQUALITY, DIVERSITY AND INCLUSION STRATEGY 2017-2020

Purpose of Report

1. This report sets out the background to the Authority's approach to equality and diversity and seeks approval for a new Equality, Diversity and Inclusion Strategy and Action Plan 2017-2020.

2. This is the Authority's fourth equalities strategy and highlights its strong and proud track record of championing the equality, diversity and inclusion agenda, both within the fire and rescue sector and more widely. The most recent strategy expired at the end of 2016 and therefore, a new strategy is required.

Recommended: That

[1] the strategy be considered and approved.

Background

3. Members of the Authority approved the three previous versions of the equalities strategy. The last strategy, which covered the period 2014-16 was approved by the Policy Committee at its meeting on 27 November 2013. Members of the Performance and Overview Committee monitor progress against the Strategy and action plan and receive updates twice a year, as well as approving the annual equality monitoring report.

4. The Service achieved the Excellent rating of the Fire and Rescue Equality Framework in September 2012. This involved three days of external peer assessment which saw four external peers interviewing employees, Elected Members, partners and community groups.

5. Under the Fire Reform Programme, recently announced by the Government, it is likely that the Framework will change and be subsumed into the statutory inspection regime that is to be introduced. The Authority is committed to piloting any new inspection regime after the announcement of the reforms prompted the organisation to defer a planned equality re-accreditation process.

Information

6. The Authority's Equality, Diversity and Inclusion Strategy is a key corporate document, setting out the organisation's principles and approach to equality and acting as a basis for all external accreditation.

7. The new Strategy sets out how the Authority will respond to a number of future challenges and proposed Government reforms, as well as the findings of the independent review into fire service culture and conditions of service undertaken by Adrian Thomas. It also incorporates details of how the Authority will respond to the findings of the biennial staff satisfaction surveys and other audits, such as the Stonewall Workplace Equality Index.

8. This latest Strategy also has a stronger focus on inclusion and going beyond the letter of the law to champion equality in its broadest sense and include everyone, not just those covered by the nine protected characteristics under the Equality Act.

9. The Strategy also covers areas such as roles and responsibilities, the legal framework, and demographic information. The detail of the Authority's approach is set out across six themed areas, which are;

   - Understanding our communities
   - A diverse workforce
   - Engaged and supported people
   - Inclusive services
   - Our broader network
   - Monitoring performance and evaluation

10. The Action Plan – also attached, sets out a timetable of proposals and initiatives which will allow the Authority to continue to meet its objectives as set out under each of the themed areas within the Strategy. The Action Plan will be updated annually, throughout the life of the Strategy.

11. The strategy makes reference to the fact that in the future, many of the resources referred to will be contained within the joint teams with the staff employed by Chief Constable as a result of the Blue Light Collaboration (BLC). However, while some structures and processes may change as a result of BLC the Strategy clearly sets out the Authority's minimum expectations in terms of the delivery of equality initiatives and activity.

Financial Implications

12. Costs associated with delivering the Strategy can be met from within the existing corporate Equality and Inclusion budget, including costs associated with any re-accreditation or new inspection processes

introduced through the Fire Reform Programme. Future training requirements may require additional funding, possibly through budget bids.

Legal Implications

13. The Strategy outlines how the Fire Authority will fulfil the legal obligations which flow from the provisions of the Equality Act and associated legislation, including the additional general and specific requirements contained in the Public Sector Equality Duty.

Equality and Diversity Implications

14. The Strategy has been subject to an Equality Impact Assessment and any resulting issues have been recorded and incorporated. The Strategy sets out how the framework for ensuring equality issues are identified and managed will be delivered across the Authority.

Environmental Implications

15. There are no environmental issues arising from the production or delivery of the Strategy.

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BACKGROUND PAPERS: NONE

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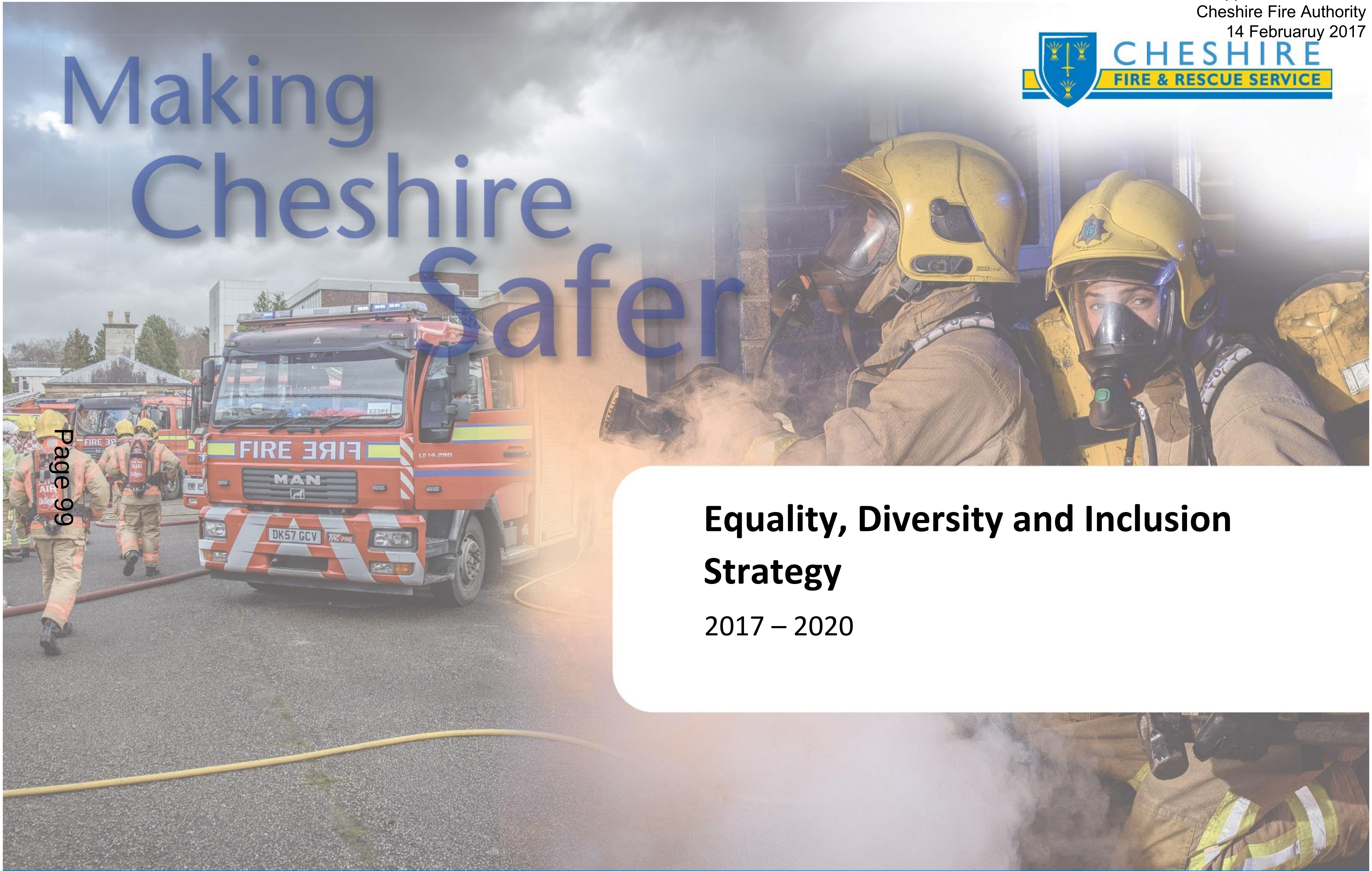
Appendix 1 to Item 6
Cheshire Fire Authority
14 Februaruy 2017

CHESHIRE FIRE & RESCUE SERVICE



Equality, Diversity and Inclusion Strategy

2017 – 2020

www.cheshirefire.gov.uk

EXCELLENT FIRE & RESCUE SERVICE EQUALITY FRAMEWORK

disability confident EMPLOYER

Stonewall TOP 100 EMPLOYER 2017

Cheshire Fire Authority

Equality, Diversity and Inclusion Strategy 2017-2020

Foreword – Making the case for equality, diversity and inclusion

Cheshire Fire Authority has a strong and proud track record of championing the equality agenda within the fire and rescue sector, but also more widely. In the coming years, Cheshire Fire Authority intends to build upon and cement its reputation as a diversity leader.

As the Chair of Cheshire Fire Authority, I am proud of the leadership that Members have provided on equality – something that is so vital for setting the cultural tone for the organisation. I am also grateful to the Chief Fire Officer and Chief Executive and the many individuals across Cheshire Fire and Rescue Service for their relentless commitment to delivering an open culture and an inclusive, engaging service for all of the communities we serve.

Progress around equality, diversity and inclusion should never be taken for granted or presumed to be embedded, so this Strategy is deliberately ambitious and challenging, aiming to drive the Authority forward in the coming years and deliver improvements to equality across the board.

Given the challenges we continue to face locally, as a sector and more widely – not least the need to ensure we have the most diverse and capable workforce, fit to serve the communities of Cheshire - this must be a group effort, harnessing our collective resources, values and efforts.

This strategy sets out how we will deliver that vision and ensure that all of our people achieve their full potential as we continue to provide the most effective fire and rescue service to those who need it.

Cllr Bob Rudd

Chair, Cheshire Fire Authority

Introduction

Cheshire Fire Authority is the publically accountable body responsible for the delivery of an efficient and effective fire and rescue service to the communities of Cheshire East, Cheshire West and Chester, Halton and Warrington.

The Fire Authority is committed to equality, diversity and inclusion – providing a comprehensive operational service that protects the communities and infrastructure of Cheshire, particularly those from marginalised and vulnerable communities as well as aiming to be an employer of choice which takes steps to ensure it treats all its employees and volunteers fairly.

During the life of previous equality strategies, the organisation made significant progress in developing and promoting its inclusive approach, including;

- Becoming the first combined fire and rescue authority to achieve the Excellent standard in the fire and rescue service equality framework, in 2012
- Maintaining a top 50 place in Stonewall's annual Workplace Equality Index every year since 2013 – and achieving a top ten place, by coming 8th and being the highest placed emergency service in 2017
- Obtaining the Disability Confident Employer accreditation following the replacement of the Two Ticks scheme
- Becoming a Mind Blue Light Programme-supporting organisation, training a cohort of Mind Champions and rolling out training to managers
- Hosting the 2015 Asian Fire Service Association (AFSA) annual general meeting and conference
- Investing in young people and taking on a first cohort of firefighter and community safety Apprentices
- Providing a well developed suite of equality e-learning training modules, including one dealing with unconscious bias, coupled with in-person equality training for new starters.
- Working in partnership with Cheshire West and Chester Council and Cheshire Constabulary to organise a number of successful and well-attended LGBT events in 2016.
- Hosting a seminar, 'The Fire and Rescue Service: Taking pride to another level', in November 2016 to promote LGBT inclusion across the fire and rescue service.
- Undertaking a major programme of positive action to recruit more women and those from diverse backgrounds, as part of the Authority's first recruitment of Wholetime firefighters in seven years.

The legal framework and our public duty

Cheshire Fire Authority is clear that diversity isn't just about the Equality Act or nine protected characteristics. It is about ensuring that everybody feels included and is able to give their all. However, the legal drivers and legislative framework provide an important backdrop for the delivery of equality, diversity and inclusion objectives.

The Equality Act 2010 is the main relevant piece of legislation outlining a series of duties designed to protect employees and service users against discrimination. These are supplemented by the Public Sector Equality Duty ('PSED'). Under the PSED, the Authority must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

There are also specific duties under the PSED. These require the Authority to: publish relevant information demonstrating its compliance with the equality duty; and to set itself specific, measurable equality objectives.

The Fire Authority will ensure compliance with the general and specific equality duties though the publication of this Strategy, and accompanying action plan - which will be updated annually during the life of the Strategy - and through the publication of comprehensive equality monitoring data, on an annual basis.

The Authority is determined to go beyond the letter of the law and ensure an ambitious programme for achieving an equal, diverse and inclusive fire and rescue service is put in place and delivered.

A picture of Cheshire

Cheshire consists of four unitary Councils: Cheshire East, Cheshire West and Chester, Halton and Warrington. Combined, the population of Cheshire is just over one million: Cheshire East has the largest population, with Halton having the smallest. Over the next fifteen years, the population of Cheshire is predicted to rise by approximately 60,000.

Cheshire covers approximately 919 square miles, with a strategic crossroads in the national motorway infrastructure, including the M6, M56, M53 and M62 – as well as having the UK’s third largest airport at Manchester, as well as Liverpool Airport on its borders.

Cheshire is an area of diversity, both socially and economically. Cheshire comprises areas of affluence, together with areas of multiple deprivation in each of the four council areas. There are also large rural expanses, areas of heavy industry and a number of urban areas. There are currently 440,000 households with an average of 2.33 people per household. The average age of residents is 40.4 years. Approximately 20% of Cheshire’s residents are aged over 65, whereas the proportion of residents under 24 is falling.

According to the most recent Census, Cheshire’s population is predominantly made up of White British residents, who account for 96.9% of the population. After Christianity, the second most popular religion is Islam, although 22% of residents indicate they do not have a religion.

Although there are no official figures, estimates suggest that approximately 200 residents identify as transgender and between 52,176 and 73,047 residents identify as lesbian, gay or bisexual (LGB). This has been calculated using Government assumptions that suggest between 5-7% of the population identify as LGB.

In terms of disability, approximately 19% of Cheshire residents are living with a long term health problem or disability, which impacts on their ability to carry out day-to-day activities.

The national and local context

The move of national fire policy from the Department for Communities and Local Government back to the Home Office at the start of 2016, saw the start of a major new drive to reform the sector in a number of areas, notably cultural change and improving workforce diversity.

The Government's view has been shaped by the findings of an independent review carried out into workplace culture and terms and conditions, by Adrian Thomas, completed in February 2015 and published in November 2016. This report also built on the findings of previous reviews from the likes of the former Chief Fire and Rescue Advisor, Sir Ken Knight, and others before him.

The Government will use these findings to drive a programme of change in the sector, focussed on a lack of workforce diversity – as well as taking forward the issues identified in the independent cultural review of Essex Fire and Rescue Service, including measures to address accusations of bullying, improved staff engagement, fair pay and remuneration, and the negotiation of new duty and working systems.

Locally, the Fire Authority continues to pursue a programme of Blue Light Collaboration with Cheshire Constabulary that will see the majority of its support staff transfer to the employment of the Chief Constable and operate from a joint police and fire headquarters at Clemonds Hey, during 2016 and 2017.

This transfer of fire and rescue service staff is likely to have a tangible impact on the processes, culture and workforce make-up of the fire and rescue service and will pose a number of challenges to the delivery of equality outcomes, not least through the effective outsourcing of key departments, such as HR – impacting recruitment, policy development etc.

The Fire Authority is clear that this Strategy sets out expectations around its commitment to equality excellence that need to be fulfilled.

Diversity includes everyone - Our vision and core values

Equality diversity and inclusion sit at the heart of everything Cheshire Fire Authority does and underpin its approach to delivering an excellent emergency service and as an employer.

This is not a simple, box-ticking exercise or restricted to the nine protected characteristics, as listed under the Equality Act – the Authority believes in and defines equality in its widest sense, enabling all of its people to be themselves and removing barriers to services, creating opportunities and safer communities.

Committed to Equality – Cheshire Fire Authority will ensure fair and equitable access to all of its services, wherever they are needed – whether by staff, volunteers or members of the community

Committed to Diversity – Cheshire Fire Authority will recognise and embrace difference, within its workforce and among those who live, work and travel through the county

Committed to Inclusion – Cheshire Fire Authority will welcome and celebrate diversity within the community and aim to be an employer of choice, creating an environment where everyone can develop their talents, prosper and succeed

Equality, diversity and inclusion run as a golden thread through the Authority's vision, mission, objectives, values and strategies, down through departmental and individual plans. This is something that has contributed significantly to the progress made by the organisation in improving the safety of local people, developing its services and people and maintaining equality as a priority.

Vision

A Cheshire where there are no deaths, injuries or damage from fires or other emergencies

Mission

To help create safer communities, to rescue people and protect economic, environmental and community interests

Objectives

The objectives can be found in full in *Planning for a Safer Cheshire*, the Authority's five year strategy. However the key areas are captured in three sections:

- Protecting our communities and reducing local risks
- Responding promptly and effectively to emergencies
- Developing an excellent organisation, accountable to our communities

Core values

The Authority's suite of Core Values were developed in conjunction with staff and have been reviewed regularly in light of any changes to national terms and conditions and following feedback from internal staff surveys. However they remain widely well understood and fit for purpose. They are:

- Putting our customers first
- Promoting equality and diversity
- Working together
- Aiming for excellence
- Developing and respecting our people
- Delivering our promises

All of the values have a key role to play in helping the Authority to take its equality, diversity and inclusion agenda forward.

Roles, responsibilities and resources

Unlike many bodies, Cheshire Fire Authority has maintained dedicated resources to ensure the prioritisation and coordination of equality, diversity and inclusion throughout the financial downturn and during the squeeze on public spending.

Leadership, which is critical to the development of an open workplace culture must be promoted at all levels of the Authority, from the Fire Authority to frontline staff. Therefore, it is critical that everyone within the organisation is aware of their individual responsibilities in promoting equality, diversity and inclusion and ensuring it is mainstreamed into day to day processes. Below is a summary of the various roles within the organisation and accompanying responsibilities.

The Fire Authority and Members

Leadership, which is vital for setting the cultural tone of an organisation, comes from the top – with the Chair of the Fire Authority keen to ensure that equality runs as a golden thread throughout all of the Authority's strategies, plans and objectives. The Authority has appointed two dedicated member equality leads, to provide political leadership, advice and support. However, all Members have a responsibility for challenging, championing and approving the equality work undertaken, as well as acting as figureheads for key projects.

The Chief Fire Officer and Chief Executive

The Chief Fire Officer and Chief Executive provides leadership through the Policy Approval Group and the Service Management Team and takes overall responsibility for the implementation of this Strategy, ensuring the availability of resources and that core values and staff behaviours reflect and reinforce equality, diversity and inclusion priorities.

The Chief Fire Officer and Chief Executive also chairs the Service's main equality board and ensures issues are aired in an open and inclusive environment.

The Equality and Inclusion Team

The Equality and Inclusion team comprise the Head of Policy and Inclusion and the Equality and Inclusion Officer – the team reports directly to the Chief Fire Officer and Chief Executive and is responsible for developing the equality strategy and the detail of various equality and inclusion initiatives, as well as coordinating the work of a number of relevant departments and individuals. The team also manages the Equality Impact Assessment framework, coordinates staff network groups, contributes to programmes and projects, undertakes engagement with community groups and key individuals and completes external benchmarking processes and audits.

Heads of Departments

With the support of the Equality and Inclusion Officer, Heads of Department are responsible for the co-ordination and strategic management of this Strategy. They must ensure that equality, diversity and inclusion objectives feature in all the corporate, departmental and individual action plans of the organisation and that monitoring and evaluation are planned into the process.

Managers

Managers and all employees with supervisory responsibilities have a local responsibility for implementing and promoting this Strategy. They ensure that employees and partners are adequately informed, trained and supported to ensure that their duties are carried out effectively.

Staff, trade unions, staff network groups and volunteers,

All of this comes in addition to the most important element of all, the individual commitment of our staff and volunteers who are critical to the delivery of equality objectives and maintaining a positive, open culture.

Individuals across the organisation have a vital role to play in driving equality forward, including those who volunteer and take part in staff network groups and our cohort of LGBT allies, those who work for representative bodies, youth champions, equality impact assessment champions and Mind Blue Light champions.

The trade unions also have a vital role and a responsibility in the implementation of this policy and work in close partnership with managers and the Equality and Inclusion Officer. Appropriate learning and development opportunities are offered to improve understanding of the issues involved and all staff appraisals reflect individual and team responsibilities for equality and diversity.

Partners, contractors and suppliers

Collectively, our partners, contractors and suppliers are vital to maintaining a robust approach to equality, diversity and inclusion. Their behaviours and values can support or undermine the organisation's equality approach whether directly, or by association with its brand.

For this reason it is vital that the Authority maintains a clear understanding of the wide network of organisations and companies that make up its partners, suppliers and contractors and there are robust mechanisms in place to ensure its high standards are shared, promoted and enforced. The Authority asks that all of its partners and suppliers support and evidence this approach.

The Equality Steering Group

The Equality Steering Group is chaired by the Chief Fire Officer and Chief Executive and attended by the Authority's Equality Member Champions, as well as members of the Service Management Team (or their representatives). All departments and shift systems are represented on the Group, as well as the trade unions representatives, staff network groups and others representing those with protected characteristics under the Equality Act 2010.

The Group, which was previously known as the Equality Task Group, was re-established following a workshop held in 2015 to gather views. The Group meets quarterly and the new format ensures it is able to champion and promote equality, diversity and inclusion throughout the Service – linking into key programmes, projects and initiatives. Every other meeting of the Group incorporates an expanded workshop to consider broader equality related issues and host guest speakers.

Delivering our approach

To deliver against the challenges and ambitions set out in the sections above, this Strategy is comprehensive and covers all aspects of the Authority's work. The Strategy is divided into the following themes, which are then supported by specific actions and a detailed action plan. The action plan will be updated annually to reflect changing priorities.

1. **Understanding our communities**
2. **A diverse workforce**
3. **Engaged and supported people**
4. **Inclusive services**
5. **Our broader network**
6. **Monitoring performance and evaluation**

Our approach

Understanding our communities

Aim

The Fire and Rescue Sector is unlike the rest of the public sector in that it does not have specific service users as the public will generally only need the service when an emergency arises. To understand the causes of potential fire and rescue risks so that prevention messages and initiatives are made relevant to the needs of the community, Cheshire Fire and Rescue Service needs to acquire and use information about the makeup of local communities. Further, the Service needs to understand the views of these diverse communities and how their needs impact on the Service's policies and practices to ensure that its work is fit for purpose.

How

Key actions include:

- Expanding and improving the collection and quality of equality monitoring data;
- Improving demographic data to better understand how communities are changing, and what new communities are emerging;
- Ensuring a robust approach to public consultation and monitoring outcomes to understand the views, experiences and impact on at risk, vulnerable and minority communities; and
- Ensuring Equality Impact Assessments are carried out in relation to all of the Service's policies and practices and that the views of diverse communities are fully considered as part of these assessments.

A diverse workforce

Aim

To recognise, understand and respond to the needs of all communities it is essential that the Service recruits, develops, supports and retains a workforce which better reflects the diversity of the communities it serves – and the wider population. Furthermore, a diverse workforce with an open culture has been shown to be more productive, by enabling people to be themselves while at work and bringing new ideas and innovation to the table. As such, the Service is committed to increasing the diversity of its workforce at all levels, including volunteers and those involved in youth activities.

How

Key actions include:

- Putting in place robust recruitment targets, processes, and criteria to ensure the Service has a diverse and exceptional workforce;
- Delivering a programme of positive action programmes and role awareness in good time before any recruitment campaigns for operational roles;
- Providing appropriate support for employees from diverse backgrounds to encourage retention and promotion;
- Increasing awareness of apprenticeships, cadets and schemes for young people among diverse communities; and
- Reaching out to diverse communities to encourage volunteering and engagement.

Engaged and supported people

Aim

It is only by engaging and supporting its people that the Service can succeed in its equality, diversity and inclusion objectives. The Service understands that staff from diverse groups and with different needs may face challenges and barriers not experienced by others. This is not limited to those with protected characteristics but may apply to any employee at any time in their career. As such, the Service is committed to putting in place procedures and practices which ensure that employees are fully included and involved in the Service's work.

How

Key actions include:

- Carrying out staff surveys on a regular basis and analysing results according to diverse characteristics. Putting in place programmes of action as a consequence of these surveys;
- Consulting staff on the Service's key projects and proposals, including the annual IRMP and responding accordingly;
- The Service recognises the benefit of role models and support networks for employees. As such, the Service is committed to profiling key role models and providing networks for staff to benefit from each other's experience and to feed into Service delivery;
- Promoting and developing sources of support available to employees to help them overcome any barriers;
- Carrying out a full review of mechanisms to address concerns around bullying and harassment; and
- Promoting awards and nominations throughout the year for staff who have shown exceptional commitment to the Service.

Inclusive Services

Aim

As referred to earlier, the Service recognises that any individual or section of the community may need to access it at any given time. Similarly, the Service recognises that its workforce needs to be fully included in and engaged with its work for it to be able to achieve its objectives. As such, the Service must ensure that both its internal and external policies and practices are fully inclusive of and accessible by all sections of the community and workforce. The Service is committed to removing barriers that may prevent communities and staff from accessing it.

How

Key actions include:

- Carrying out robust and meaningful Equality Impact Assessments in relation to all of its internal and external policies, projects and practices to ensure that actual and potential impacts on the community and the workforce are properly and appropriately addressed;
- Ensuring that the Service's communication channels are fully accessible by all diverse groups, including those with disabilities and those with English as a second language;
- Promoting its commitment to equality and diversity throughout the procurement process and in its relationships with its suppliers; and
- Engaging with BME communities to promote specific fire safety advice for BME-owned businesses.

Our broader network

Aim

The Service does not operate in a vacuum and it is only by working with partners and stakeholders that the Service can properly deliver on its commitment to equality, diversity and inclusion. This includes working in collaboration not only with other fire and rescue services, but also with local and national partners. The Service aims to be a key player in driving forward partnerships that will further its commitment to equality, diversity and inclusion. Furthermore, the Service recognises the need to engage with external equality accreditation schemes in order to confidently benchmark the work it is carrying out against the best performing organisations, including those outside of the fire and rescue service.

How

Key actions include:

- Continuing to play a leading role in the CFOA/NFCC Equality & Inclusion Practitioners group and in regional equality practitioners groups;
- Proactively engaging with local partners, including businesses, public sector organisations and community and voluntary groups to advance equality priorities; and
- Continuing to work with external benchmarking organisations, most notably Stonewall, Disability Confident and the Fire and Rescue Service Equality Framework, to ensure that the Service is a leader in equality, diversity and inclusion.

Monitoring performance and progress

The Fire Authority is keen to ensure that the equality, diversity and inclusion work it undertakes is effectively performance managed. As such, the Service made a decision that the Equality Steering Group chaired by the Chief Fire Officer and Chief Executive would have responsibility for ensuring the successful implementation, monitoring and review of this Strategy and any accompanying Action Plan. There is a standing item on all Equality Steering Group agendas to review progress against this Strategy and action plan.

A report is also completed every six months to highlight progress to the Fire Authority's Performance and Overview Committee. The report is prepared by the Equality and Inclusion Officer.

All Service strategies and plans will have clear and consistent equality actions and objectives contained within them. All business cases must be accompanied by an explanation of how they impact on equality objectives and PIDS must be accompanied by Equality Impact Assessments setting out actual or hypothetical impacts on under-represented groups and others. Individual appraisals will be completed annually for each member of staff which will include an assessment of: performance against agreed annual objectives; employee wellbeing; and a commitment to core values and creating a positive workplace culture.

As a result of these monitoring actions, the Service aims to ensure that its commitment to equality, diversity and inclusion runs as a golden thread throughout the whole organisation.

Equality Action Plan

Action	Responsibility	Completion Date
Understanding our communities		
Provide a clear directive from the CFO and CE that equality monitoring data is to be collected in all areas of employment and service delivery	CFO and CE with Equality & Inclusion	February 2017
Review and refresh the categories of equality monitoring data that are collected to ensure that all characteristics are measured as appropriate	Business Intelligence with Equality & Inclusion	Ongoing
Ensure that at least the same extent and quality of equality monitoring data can be captured following transfer of systems and staff to Cheshire Constabulary	HR with Equality & Inclusion	October 2017
Update demographic information by working with intelligence teams in local partners, such as CWRIC	Business Intelligence with Equality & Inclusion	April 2017
Ensure public consultations are promoted to and accessible by all under-represented community groups	Consultation with Equality & Inclusion	Ongoing
A diverse workforce		
Provide unconscious bias training for all employees, including those with recruitment responsibilities	Learning and development with Equality & Inclusion	January 2017
Develop an attraction policy relevant to all roles	HR with Equality & Inclusion	May 2017
Regularly review entry criteria and recruitment processes for all roles	HR with Equality & Inclusion	Ongoing
Develop recruitment targets for underrepresented groups	HR with Equality & Inclusion	June 2017 and as required thereafter

Put in place positive action campaigns for apprenticeship, wholetime firefighter, volunteers and cadet opportunities	HR and prevention with Equality & Inclusion	February 2017 and as required thereafter
Ensure that all internal development programmes explicitly refer to inclusion and address barriers which may be faced by under-represented groups	Learning and development with Equality & Inclusion	Ongoing
Develop mentoring programmes specifically designed to support those from under-represented groups	Learning and development with Equality & Inclusion	December 2017
Develop a campaign to raise the awareness of the role of a firefighter among Cheshire’s communities.	HR and communications with Equality & Inclusion	August 2017
Engaged and supported people		
Develop a programme of ‘Equali-tea’ bulletin articles and actions	Equality & Inclusion	Ongoing
Develop and launch a cultural training package to be delivered to all operational staff	Equality & Inclusion	Jan – April 2017
Launch a women’s support network	Equality & Inclusion with female operational staff	March 2017
Develop and roll out training on family friendly entitlements	MH with HR	April 2017
Develop and re-launch straight allies directory and refresh information around Firepride	Firepride with Equality & Inclusion	April 2017
Develop the role of mental health champions	Health, Safety & Wellbeing with Equality & Inclusion	May 2017
Provide mental health training to operational managers and mental health champions	Health, Safety & Wellbeing and learning and development with	March – April 2017

	Equality & Inclusion	
Engage volunteers, including Safety Central rangers, in staff networks,	Prevention with Equality & Inclusion	Ongoing
Provide a mechanism for staff networks to review major policies and procedures outside of the usual consultation system	Network groups with Equality & Inclusion	Ongoing
Develop role model videos to showcase diverse range of operational and support staff	Equality & Inclusion with FBU	June 2017
Ensure results of all staff surveys capture experiences of staff from under-represented groups and can be analysed accordingly	Communications with Equality & Inclusion	Ongoing
Develop action plans to address any issues or opportunities arising out of staff surveys	Communications with Equality & Inclusion	Ongoing
Improve and promote staff support and wellbeing channels and mechanisms	Health, Safety & Wellbeing and HR with Equality & Inclusion	December 2017
Provide training and support systems to under-represented groups to help them progress	Learning and development with Equality & Inclusion	Ongoing
Report on the gender pay gap to Equality Steering Group	HR with Equality & Inclusion	April 2017
Encourage all cadet units to sign the Stonewall anti-bullying pledge	Prevention with Equality & Inclusion	April 2018
Provide interactive equality and diversity training to cadets	Prevention with Equality & Inclusion	April 2018
Inclusive Services		
Include equality aims and objectives in all service delivery plans	Service delivery with Equality & Inclusion	April 2017

Refresh suite of generic EIAs	Equality & Inclusion	April 2017
Develop robust and measurable corporate Equality Performance Indicators	Equality & Inclusion	April 2017
Ensure website and document accessibility	Communications with Equality & Inclusion	Ongoing
Audit and review language line and translation services	Equality & Inclusion	June 2017
Understand how equality fits into national research and development and procurement hubs and frameworks	Procurement with Equality & Inclusion	May 2017
Our Broader Network		
Ensure partnerships policy and group capture equality issues	Prevention with Equality & Inclusion	Ongoing
Deliver equality training to outsourced providers including: • Cleaners; • Catering staff; • NWFC; • AgeUK; and • Cheshire Police	Procurement, learning and development with Equality & Inclusion	December 2017
Establish procedure for contractors to take in event of an equality breach	Procurement with Equality & Inclusion	April 2017
Prominently feed into the consultation on the development of the Equality Framework for Fire and Rescue Services	Equality & Inclusion	March 2017
Maintain Top 10 Position in Stonewall Workplace Equality Index	Firepride with Equality & Inclusion	Annually in January
Become a Disability Confident Leader	HR with Equality & Inclusion	September 2017

Develop and maintain a central list of community groups for engagement and consultation purposes	Equality & Inclusion	Ongoing