

**Highland and Islands Fire Board
Policy and Finance Working Group**

Minutes of Meeting of the **Policy and Finance Working Group** held in Fire and Rescue Service Headquarters, Harbour Road, Inverness, on **Friday, 6 November 2009** at **10.30 a.m.**

Present:

Representing the Highland Council

Mr R Durham
Ms M Smith

Mr J Ford

Representing Comhairle nan Eilean Siar Mr N M Macleod

Representing Orkney Islands Council Mr A Drever

Representing Shetland Islands Council Mr A Duncan (substituting)

Officials in attendance:

Mr B Murray, Chief Fire Officer
Mr T Johnson, Temporary Assistant Chief Fire Officer
Mr M Jenks, Finance Manager, Highland and Islands Fire and Rescue Service (HIFRS)
Mr D Robertson, Treasurer's Office
Mrs R Moir, Assistant Clerk

Mr R Durham in the Chair

1. Apologies

Apologies for absence were intimated on behalf of Mr D Flear, Mrs M Paterson and Mr J Gray, The Highland Council, and Mr A Cooper, Shetland Islands Council.

2. Revenue Budget 2010/11

There had been circulated Report No. PFWG3/09 dated 30 October 2009 by the Chief Fire Officer setting a draft Revenue Budget for 2010/11 and future years. Members were advised that, as in previous years, the budget reflected the needs of the Service to deliver its statutory duties and the Board's policy requirements, while at the same time was mindful of the general state of the economy.

In speaking to the report, the Chief Fire Officer emphasised that he believed that the draft budget offered a good foundation for 2010/11 and future years. While it addressed the increased demands on the Service arising from the impact of the Board's upgrade programme, such as training and equipment costs, considerable efforts had gone in to producing a budget that also took account of the wider economic setting and the financial constraints faced by the constituent authorities. Consequently, the draft budget was effectively a standstill budget,

relative to the current year. There was also a commitment to seek to achieve a standstill budget over a two year period.

The Chief Fire Officer commented on the impact of national developments, such as the changed approach to pensions funding, with the Scottish Government effectively underwriting unbudgeted annual fluctuations, and also the steps being taken to reduce costs in a number of specific budget areas, such as standby hours and travel and subsistence. He also highlighted the benefits of a series of discussions he and the Convener had held with senior management in each of the constituent authorities, in the spirit of the Concordat and partnership working, to discuss the draft budget and the Service's future strategy. Members confirmed that this series of visits, which set an example for other Joint Boards, had been welcomed by the respective authorities as increasing understanding and confidence. Reassurances were sought and given that such visits would be continued in future, and could perhaps be increased to twice per year, with, in addition, a presentation made to each full Council.

Clarification was given on questions relating to the new pension funding arrangements and also the potential for increasing the amount of training that could in future be delivered locally in the various Islands communities, reducing the time commitment and costs involved in attending training on the mainland. It was confirmed that discussions were ongoing with various partner agencies to seek more local delivery, on a co-operative basis; however, it was likely that some training requiring specialised facilities would continue to be delivered on the mainland by the Service's central training unit.

While the commitment to seek a standstill budget over two years was welcomed, some concern was expressed as to whether, even if achieved, this would prove sufficient in light of Audit Scotland's forecasts of a need for significant public sector cuts in the short to medium term.

After discussion, the Working Group **AGREED** to recommend that the Board:

- i. approve the draft budget for 2010/11 as shown in the circulated papers; and
- ii. agree that an approach be made to each constituent authority seeking an annual opportunity for the Service to make a short presentation to each full Council.

3. Draft Strategic Objectives for 2010/2013

There had been circulated Report No. PFWG4/09 dated 30 October 2009 by the Chief Fire Officer setting out twelve draft strategic objectives for 2010/2013 in support of the revenue budget proposals.

In response to questions, the Temporary Assistant Chief Fire Officer confirmed that efforts were ongoing to make owners of high risk premises aware of their responsibilities under the Fire (Scotland) Act 2005; and that the Service would seek to work with the constituent authorities' flood liaison groups.

Members **NOTED** the draft strategic objectives for 2010/2013 and that the finalised objectives would be incorporated in the Service Plan for 2010/2010.

4. Capital Budget 2010/11 – Distribution of Fire Capital Grant

Members were advised that discussions between the Scottish Government and COSLA on the distribution of Fire capital grant for 2010/11 and thereafter were ongoing, and thus there was still uncertainty as to the capital funding to be available to this Board.

Members were further advised that the Chief Fire Officers' Association for Scotland (CFOAS) had developed a number of key principles which had been endorsed by the Fire Conveners' Forum and included in the CFOAS response to a Justice Committee invitation for written evidence in advance of an evidence session on the Budget Process with the Cabinet Secretary for Justice, held on 27 October 2009. These principles, which had now also largely been endorsed by COSLA, and were currently being discussed with the Scottish Government to agree a mutually acceptable way forward on the future distribution of Fire capital funding, were:

- any method of distribution of resources should be fair, transparent and evidence-based; the present system was not deemed to be
- in accordance with the Concordat, resources provided for use by the local government family should not be ring-fenced and micro-managed by Central Government
- in a similar way to Police, resources allocated for Fire should be passed to Fire and Rescue Services by local authorities
- the majority of Capital Grant (2/3) was required to maintain "business as usual" infrastructure and should therefore continue to be distributed by way of a formula
- an element of Capital Grant should be set aside to fund Scottish-wide projects of collective value and local projects requiring Top Slicing (1/3)
- the Minister should be part of the decision-making process for Scottish-wide projects only
- the value of Formula funding had remained unchanged for 9 years – a cut in real terms of around 27%
- over the next 10 years investment of £275m was required to replace existing assets with a further £104m for new Service provision.

The Convener confirmed that discussions were expected to continue for some months; however, assurances had been given that the distribution figures for 2010/11 would be published prior to the start of the new financial year. He remained optimistic that this Board would receive a reasonable settlement but emphasised that the Board needed to continue to press its case strongly. While the revenue impacts of the Board's upgrade programme had eventually been addressed by the Scottish Government, the Board's capital requirements remained considerable.

The Working Group **NOTED** the position.

The meeting ended at 11.25 a.m.