

**HIGHLAND AND ISLANDS FIRE BOARD
BUDGET WORKING GROUP**

Minutes of Meeting of the **Budget Working Group** held in the Council Chamber,
Glenurquhart Road, Inverness on **Friday, 11 August 2006** at **2.00 p.m.**

Present

Representing the Highland Council

Mr A R McFarlane Slack
Mr D Mackay (Substituting)
Mrs R Finlayson

Mr R A C Balfour
Mr N M Clark
Mrs L MacDonald

Representing Comhairle nan Eilean Siar

Mr D MacLean (Substituting)

Representing Orkney Islands Council

Mr R C Sclater

Officials in attendance:

Mr B Murray, Chief Fire Officer
Mr A Wood, Deputy Chief Fire Officer
Mr H Henny, Assistant Chief Fire Officer
Area Manager D Gill, Commander South
Group Manager A Gardiner, Deputy Commander North
Mr A MacAllister, Fire and Rescue Service (FRS) Head of Corporate Services
Mr D Robertson, Treasurer's Office
Mr J Kelman, Graduate Project Manager, Property & Architectural Services, The Highland Council
Mrs R Moir, Assistant Clerk

Mr A R McFarlane Slack in the Chair

1. Apologies for Absence

Apologies for absence were intimated on behalf of Mr D C M Flear, Mrs M E Paterson and Mr A Gordon of the Highland Council, Mr N M Macleod of Comhairle nan Eilean Siar and Mr W Tait of Shetland Islands Council.

2. Preliminaries

The Convener welcomed the Deputy Chief Fire Officer to his first meeting involving Members.

3. Revenue Expenditure 2006/07 – Monitoring Statement

With the agreement of the Chairman, there was tabled as an additional agenda item Revenue Monitoring statement for the period to 30 June 2006.

In speaking to the report, the Chief Fire Officer indicated that the estimated year-end projection was an underspend of £342,000. He reminded Members that:

- a definitive prediction at such an early point in the year was difficult for an emergency service
- the budget for 2006/07 included £571k to be funded from revenue reserves and efficiency savings.

He also reminded Members of the Service's pressing capital needs and sought flexibility in the use of efficiency savings he might identify.

The Working Group **AGREED** that:

- i. this matter be further explored at the next meeting of the Working Group; and
- ii. revenue and capital monitoring statements be standing agenda items for future meetings of the Working Group.

4. Capital Expenditure 2006/07 – Monitoring Statement

There had been circulated Report No. FBWG2/06 dated 31 July 2006 by the Chief Fire Officer summarising expenditure and income relating to the Highland and Islands Fire Board capital programme to 30 June 2006.

The Chief Fire Officer advised that issues of permitted carry forward had been clarified with the Scottish Executive. This, along with higher than anticipated costs for some building projects, necessitated a re-allocation of the budget, which was reflected in the monitoring statement. The Chief Fire Officer also indicated his concern as to the progress on the three major building projects at Fort William, Beaully and Valtos. While advice from the Highland Council's Property and Architectural Services remained that it was anticipated that expenditure targets would be met by the financial year-end, he had requested the report at item 4 below to clarify the current position and anticipated progress.

The Working Group **NOTED** the position.

5. Current Capital Projects

There had been circulated Report No. FBWG3/06 dated 27 July 2006 by the Director of Property and Architectural Services of the Highland Council summarising the current progress and expenditure on major capital projects being carried out for the Board, in particular those at Fort William, Beaully and Valtos.

Mr J Kelman outlined the principal factors influencing the timetable for each project and the attendant risk to achieving the capital spend target in the current financial year. Attention was drawn in particular to the complications arising from the need to satisfy the relevant authorities that all contaminated land investigations and appropriate mitigation

measures had been fulfilled in relation to the brownfield sites at Fort William and Beaully. Members expressed caution as to the additional delays and costs that might be involved, particularly if extensive remedial measures were required, such as off-site removal and treatment of methane gas.

Mr Kelman advised that the Board's engineers for the larger and more complex Fort William project were of the view that a satisfactory solution could be found through a revised design specification for the building's foundations, and that the indications were that this would satisfy the regulatory requirements. It was acknowledged, however, that such a revision was likely to increase the project cost. A design report was imminent. Ground clearance work had already begun on site, with the interim approval of the local authority. The initial focus would be on completion of the fire station build, with further consideration thereafter to the proposed training facility. The Board's engineers were, however, taking both these aspects of the project into account in their study. A cash flow programme was in preparation. The estimated completion date was 11 May 2007.

Both Members and FRS management emphasised the importance of close monitoring of costs to avoid excessive increases, particularly given the potential impact on the rest of the capital programme, whilst also ensuring full spend within the current financial year of the top-sliced allocation awarded for the Fort William station project. An update report should be given to the Board at its meeting on 25 August. In the meantime, Mr Kelman would liaise closely with FRS management on design and spend profile issues.

In relation to the Beaully project, Mr Kelman expressed disappointment that a full soil analysis had been required, creating a delay factor in commencing on site. As with the Fort William project, the estimated completion date was now 11 May 2007.

Mr Kelman also drew attention to problems over water supply connections that had arisen in relation to these and other projects, including Dunvegan, and undertook to attend a meeting being held the following Monday between the Convener, FRS management and the water regulator.

In relation to the proposed joint community project at Valtos, Mr Kelman expressed concern as to the lack of detailed information and of any opportunity for FRS input into the detailed project design and specification, particularly as it was understood that the community planned to put the project out to tender in the near future. Efforts were being made to arrange an urgent meeting with the project sponsors. Members emphasised that there could be no Board legal commitment to this project until FRS management and the Board's officers were satisfied that the Board's interests were fully protected.

Members were reminded of comments made at the meeting of the Board held in Stornoway on 27 April about neighbour concerns over flooding issues in the vicinity of Stornoway Fire Station. While legal advice to date was that these problems did not appear to lie with the Board's property and that the Board did not appear to have liability in this matter, Comhairle nan Eilean Siar had been commissioned to carry out an investigation of the drain run within the curtilage of the Fire Station, to clarify the technical position.

After discussion, the Working Group **NOTED** the position and **AGREED** that updated reports on all the above properties be given to the meeting of the Board to be held on 25 August 2006.

6. Capital Programme Considerations

There had been circulated Report No. FBWG4/06 dated 1 August 2006 by the Chief Fire Officer on the considerations influencing future capital developments, together with a list of those stations requiring development, prioritised as listed in accordance with their respective levels of activity.

The report pointed out, however, that other factors affected the realisation of the build programme, not least the availability of finance, but also, in terms of prioritisation, practical issues such as whether the Board owned the site and was thus in a position to proceed. Members were reminded of the likely further reductions in future capital funding levels and the pressures on the Board to progress its upgrade programme, in particular from the Health and Safety Executive. Members were also reminded of the critical role now played by the Integrated Risk Management Plan (IRMP) in identifying, monitoring and prioritising operational need.

Members were advised that the Convener and the Chief Fire Officer had met with senior officials from the Scottish Executive to explore ways of identifying possible future capital resources. The Convener emphasised the need to maintain a flexible approach and to seek possible alternative solutions, such as utilisation of community facilities, variations in specification, the potential to extend rather than new build, such as had successfully been achieved recently at Shawbost, and the importance of responding to partnership opportunities such as at Great Bernera and, it was hoped, at Valtos. The importance of contingency planning was also underlined, should there be slippage in the preferred programme.

During discussion, attention was drawn to the position of Helmsdale at the top of the circulated list and the potential availability of neighbouring local authority land. It was confirmed that the status of this land was being investigated, as was the scope for achieving the Board's needs through extension of the existing facility. The Chief Fire Officer also indicated that a start on design drawings for the sites in Board ownership at Scourie and Aultbea had been commissioned. He recommended that the circulated list, subject to all the other factors outlined, be used to inform Board decisions on preparing the Capital Programme and on adapting it as required to circumstances. The Convener emphasised the importance of a tripartite approach, taking into account the professional judgment of FRS management, the views of Board Members and local priorities. He also underlined the need to monitor the Capital Programme on an ongoing basis and for the Chief Fire Officer to have the flexibility to vire resources as necessary to achieve Best Value spend.

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

- i. future capital plans be submitted to the Board for consideration and debate with a priority list taking account of the Board's Capital Strategy, the IRMP, activity levels, site availability and existing facilities; and
- ii. the priority list appended to the circulated report be used as the basis for any necessary contingency measures arising in the current year.

7. Next Meeting

All Fire and Rescue Service staff left the meeting prior to discussion of this item.

The Convener drew attention to a first draft report on a possible review of chief officer salaries and recommended that this be considered in detail at a further meeting of the Working Group, prior to making a recommendation to the Board.

The Working Group **AGREED** that this be considered further at a meeting of the Working Group to be held on Friday, 8 September 2006.

The meeting ended at 3.20 p.m.