

**HIGHLAND AND ISLANDS FIRE BOARD  
POLICY AND FINANCE WORKING GROUP**

Minutes of Meeting of the **Policy and Finance Working Group** held in Council Headquarters, Glenurquhart Road, Inverness on **Tuesday, 8 January 2008** at **10.30 a.m.**

**Present**

**Representing the Highland Council**

Mr R Durham  
Mr B Fernie  
Mr D Flear

Mrs M Paterson  
Mr J Gray  
Mr J Ford

**Representing Comhairle nan Eilean Siar** Mr N Macleod

**Representing Orkney Islands Council** Mr A Drever

**Representing Shetland Islands Council** Mr A Cooper

**Officials in attendance:**

Mr T Wood, Acting Chief Fire Officer  
Mr H Henny, Acting Deputy Chief Fire Officer  
Mr A MacAllister, Highlands and Islands Fire and Rescue Service (HIFRS) Head of Corporate Services  
Mr T Johnston, HIFRS Area Manager, Community Risk Management  
Mrs V MacDonald, HIFRS Finance Manager  
Mr D Robertson, Treasurer's Office  
Mrs M Grigor, Treasurer's Office  
Ms L Lee, Clerk's Office

**Mr R Durham in the Chair**

**1. Preliminaries**

Members congratulated the Acting Chief Fire Officer on being awarded the Queen's Fire Service Medal for Distinguished Service.

**2. Revenue Expenditure 2007/08 – Monitoring Statement**

There had been circulated Report No. PFWG1/08 dated 18 December 2007 by the Highlands and Islands Fire and Rescue Service (HIFRS) Head of Corporate Services summarising expenditure and income relating to the Highland and Islands Fire Board revenue programme to 30 November 2007 and indicating the predicted year-end outturn.

The HIFRS Head of Corporate Services stated that the position had changed little from that reported to the Board on 22 November 2007, with an anticipated out-turn of a 1% (approximately £200,000) underspend, but cautioned that the position could change should emergency incidents arise. He reminded Members that £195,000 had been transferred into the current budget from reserves and

that the underspend would be used to ensure that reserves were maintained at the necessary level for 2008/09 and beyond.

The Working Group **NOTED** the position.

### **3. Capital Expenditure 2007/08 – Monitoring Statement**

There had been circulated Report No. PFWG2/08 dated 18 December 2007 by the HIFRS Head of Corporate Services summarising expenditure and income relating to the Highland and Islands Fire Board capital programme to 30 November 2007.

The Head of Corporate Services reported that expenditure was in line with the revised capital plan agreed by the Board at its meeting on 14 September 2007 and that the buildings programme was progressing well.

The Working Group **NOTED** the position and the information given.

### **4. Revenue Budget 2008/09**

There had been circulated Report No. PFWG3/08 dated 18 December 2007 by the HIFRS Head of Corporate Services setting out the Revenue Budget for 2008/09.

With reference to the two unavoidable budget pressures (Firelink and Pensions) previously reported to the Board, the Acting Chief Fire Officer reported that (i) confirmation had now been received that the ongoing revenue costs of Firelink would be met by the Scottish Government and that it had therefore been possible to reduce the budget requirements by £363,000 and (ii) a meeting was to be held in the near future between Finance Directors and the Scottish Government to discuss the Pensions issue; this matter therefore remained uncertain at present.

The Head of Corporate Services stressed that, if the unavoidable pressures were excluded from the budget, the increase on the previous year amounted to 2%. However, when the unavoidable costs were included, the budget requirement increased by 6.5% compared with 2007/08.

Mr D Robertson, Treasurer's Office, acknowledged the pressures and uncertainties within the budget. The Working Group was nonetheless being asked to recommend a 6.5% increase in the revenue budget to the Board. He gave an explanation of the report appendices and drew attention to (i) the difficulties to which the removal of GAE gave rise in terms of the ability to draw year-on-year comparisons with the funding provided and (ii) the requisition allocations. In response to questions raised, Mr Robertson clarified the way the requisition system operated. Members commented that a report to a future meeting of the Board, explaining the requisition system, would be useful.

The changes with regard to Local Authority funding from the Scottish Government were summarised – i.e. the removal of GAE and ring-fenced expenditure and its replacement with a block grant which allowed Local Authorities greater flexibility in determining their spending priorities. Members were of the view that close working relationships and early dialogue between the Board and the Constituent Authorities, prior to the budgetary process commencing, would therefore be of

great importance in ensuring a full understanding of the respective positions and arriving at an acceptable requisition level.

Mr Robertson reported that the full amount of Transitional Funding (£8.4m) had been removed from the finance settlement figures and, whilst there had always been an understanding that the element relating to the whole-time salary increases would reduce during the SR2004 period, there was no such suggestion regarding the retained parity and upgrade programme element – discussions were ongoing with the Scottish Government to resolve the issue. The Head of Corporate Services stated that he had received an informal acknowledgement from the Scottish Government that the removal of the retained parity and upgrade programme element was an error and the issue was being revisited. The Convener was of the view that no action was required by the Board at this stage. However, given the seriousness of the implications for the Board should this situation not be resolved, the Working Group requested that the Convener include this matter in his letter to the Scottish Government on the pensions issues, setting out the history to the payments and the implications for the Board and the Constituent Authorities should Transitional Funding be not provided.

Having heard (i) the Acting Deputy Chief Fire Officer stress that, in accordance with the Board's instructions, a needs-based budget, based on priorities identified through the IRMP process, had been produced, and (ii) the Convener comment that HIFRS was recognised by the Scottish Government as operating very efficiently and had been held up as an example to other FRS in Scotland, the Working Group **AGREED** to recommend to the Board that:

- i. the revenue budget for 2008/09 as detailed in the report be approved;
- ii. it make formal representations to the Scottish Government with regard to the provision to the Constituent Authorities of funding to cover (a) Pensions and (b) Transitional Funding as outlined above; and

## **5. Bid for Additional Capital Grant 2008/09**

There had been circulated Report No. PFWG4/08 dated 18 December 2007 by the HIFRS Head of Corporate Services summarising the proposed bid for capital top slice funding for 2008/09. A draft top slice capital bid to the Scottish Government was appended to the report. However, in light of the terms of a letter dated 19 December 2007 received from the Scottish Government which a) identified investment priorities against which FRAs were invited to submit top-slice bids and b) introduced a three-year approach, a revised report by the Head of Corporate Services dated 7 January 2008, replacing that circulated, was tabled. A copy of the Scottish Government letter was also tabled.

The Head of Corporate Services stated that the bid as set out in the revised report met the Board's two priority areas for capital expenditure, namely buildings and vehicles, and that funding was also being sought towards the cost of training facilities for the retained service. The projects all met the Scottish Government's investment priority criteria. The proposed total bid was for a sum of around £1.5m per year. With regard to buildings, two specific sites had been identified for development in 2008/09 at Tongue and Rousay. It was explained that the Board had always been both innovative and practical in its approach to the build challenge it faced and, for this reason, whilst a bid was included for their funding, specific sites had not been named for the second and third years. This was to

allow flexibility to maximise potential opportunities for partnership and best value working. Photographs would be included in the bid submission.

In discussion, Members expressed concern at the scale of the buildings works required, which it was estimated could take around 20 years to complete. The Board had a responsibility to provide appropriate facilities which met health and safety requirements and the operational needs of the Service. There was a general view amongst Members that they felt they had insufficient knowledge of the condition of the Board's buildings and it was proposed that a report be brought to a future Board meeting giving a summary of the Board's buildings stock. Members were assured that the Scottish Government were aware of the condition of the Board's buildings, both through the body of evidence which had been prepared five years previously in connection with the Private/Public Partnership (PPP) bid, (although to date this had not then been taken forward), and as a result of ongoing lobbying. Members were also assured that there was a continuing programme of buildings inspection and that remedial action was taken where required.

Having been advised that discussions had taken place with the Scottish Government to explore the possibility of funding buildings through revenue sources, but that to date this had not borne results, it was suggested that further consideration be given to Design and Build contracts as a way of reducing construction costs, and that joint projects with communities be entered into where possible. The Convener advised that only a portion of build costs were attributable to the building itself – other factors such as utility connections, planning, and the suitability of rural roads for transporting demountable units, for example, had also to be taken into consideration. The Acting Deputy Chief Fire Officer also reminded the Group that around 40 vehicles were approaching the limit of their usefulness and that a balanced approach between buildings and vehicle purchase was required.

However, in view of the risks to the Board arising from its Health and Safety obligations, Members proposed the establishment of a short life Working Group with a remit (i) that its members become familiar with the condition of the Board's 42 stations requiring upgrading, and (ii) to investigate and recommend ways in which the works might best be actioned. Such a group would also be well placed to take this issue forward in the political field. It was suggested that the first agenda might include a review of the information held on each of the 42 buildings to identify what further details were required; sustainability issues could also be included in the review. Members also suggested that any opportunity to inspect the buildings, as afforded by the visits of the Board to the Islands, should be taken up.

Having been informed that the revised bid would include photographic evidence, full details as to the structure of the buildings, the land ownership position etc, the Working Group **AGREED** to recommend that the Fire Board agree:

- i. the submission of a top slice capital bid to the Scottish Executive, in the priority rankings shown below:

2008/09

- a) New Retained Fire Station – Tongue (£450,000)
- b) Vehicles (£500,000)

- c) New Retained Fire Station – Rousay (£450,000)
- d) Vector Incident Command System Simulator (2 systems – 1 for the island groups, one for the mainland) (£120,000)

2009/10

- a) New Retained Fire Station – priority to be determined by IRMP process (£500,000)
- b) Vehicles (£650,000)
- c) Fortek Mobilising System for Incident Command and Control (£100,000) and Hydra Minerva Incident Command Training System (in partnership with Grampian FRS) (£300,000)

2010/11

- a) New Retained Fire Station – priority to be determined by IRMP process (£500,000)
- b) Vehicles (£1m);

and

- ii. to establish a short-life working group, comprising 1 Member from each Island Authority and 2 Members from the Highland Council, with a remit to (i) consider the condition of the Board's 42 stations requiring upgrading; and (ii) investigate and recommend ways in which the works might best be actioned, within a set timescale, this latter to be determined by the Board.

## **6. Highlands and Islands Fire and Rescue Service – Draft Service Plan – 2008/09 – 2010/11**

There had been circulated Report No. PFWG5/08 dated 18 December 2007 by the HIFRS Head of Corporate Services summarising the content of the Highlands and Islands Fire and Rescue Service's Draft Service Plan for the three year period commencing in 2008/09.

The Head of Corporate Services summarised the content of the Draft Service Plan and emphasised that it formed part of the budget planning process. He also referred to the raft of plans which underlay the Service Plan and ensured that its actions were implemented at operational level. Management teams had been proactive in developing the Service Plan and there was therefore staff ownership of the document.

Having been advised that (i) asset management fell within the Plan's top priority of developing solutions from the IRMP sustainability review, and (ii) the 14 priorities constituted the plan for the coming three years, the Working Group **AGREED** to recommend to the Board that the Highlands and Islands Fire and Rescue Service's Service Plan for 2008/09 – 2010/11 be adopted.

The meeting ended at 11.45 a.m.