

**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 **Monday, 3 November 2008** at **2.00 p.m.**

Present

Representing the Highland Council

Mr R Durham
Mr D Flear
Ms M Smith

Mr J Gray
Mr J Ford

Representing Comhairle nan Eilean Siar Mr P Carlin (substituting)

Representing Orkney Islands Council Mr A Drever

Representing Shetland Islands Council Mr A Duncan (substituting)

Officials in attendance:

Mr T Wood, Deputy Fire Officer
Mr H Henny, Assistant Chief Fire Officer
Mr T Johnson, Area Manager, Community Risk Management, HIFRS
Mr A MacAllister, Highlands and Islands Fire and Rescue Service (HIFRS) Head of Corporate Services
Mr M Jenks, HIFRS Finance Manager
Mr D Robertson, Treasurer's Office
Mr S Barron, Director of Housing and Property, The Highland Council (for item 3)
Mr G Westwater, Head of Construction, Housing and Property, The Highland Council (for item 3)
Ms M Morris, Clerk (for item 6)
Mrs R Moir, Assistant Clerk

Mr A Drever in the Chair

1. Apologies

Apologies for absence were intimated on behalf of Mrs M Paterson, The Highland Council, Mr N M Macleod, Comhairle nan Eilean Siar, and Mr A Cooper, Shetland Islands Council.

2. Revenue Expenditure Monitoring 2008/09

There had been circulated Report No. PFWG8/08 dated 30 October 2008 by the Chief Fire Officer setting out the current position of the revenue monitoring statement as at 30 September 2008 and the predicted year end out-turn.

The Working Group **NOTED** the position.

3. Capital Expenditure Monitoring 2008/09

There had been circulated Report No. PFWG9/08 dated 30 October 2008 by the Chief Fire Officer summarising expenditure and income relating to the Board's capital programme to 30 September 2008.

Members were advised that, due to a number of factors, there was a significant risk of underspend on the top slice allocation granted to the Board for construction of new fire stations at Tongue and Rousay and therefore, in accordance with the rules of the top slice process, a significant risk of clawback by the Scottish Government of the allocated funds. This risk was particularly acute if the Board's traditional procurement route of tendering the complete build process locally was continued for these projects, one of which was about to be let, while tender bids for the other were due shortly. Members were advised that clarification would be sought from the Scottish Government as to whether any or all of the top slice allocation could be carried forward to permit completion in the next financial year without financial disadvantage to the Board.

Given, however, that such assurances were not available and might not be received, Mr S Barron, Director of Housing and Property, The Highland Council, and Mr G Westwater, Head of Construction, Housing and Property, The Highland Council, advised Members as to possible alternative courses of action that might permit maximisation of spend within the current financial year. The potential advantages were outlined of combining a traditional approach to the contracting out of the foundations work with modular build and supply of the structural element of both projects. The two aspects of each project could progress simultaneously and the structural element would be less at risk from winter weather delays.

Members were advised that professional advice from the Highland Council's Procurement staff had confirmed that the Board need not enter into an additional tender process in order to procure such modular buildings, as a supplier could be identified through the Office of Government Commerce list process, there being one firm supplying these products which had already satisfied the necessary pre-qualification requirements to allow the Board to meet its procurement obligations. Initial contact/enquiries could therefore be made immediately.

Completion before the end of the financial year could still not be guaranteed even if this route were followed. As the external appearance would not change, there should be no requirement to revisit either grant or planning permission. Issues which did still need to be clarified, however, were whether any application to amend building warrants would involve unacceptable delay, and also whether, from an engineering standpoint, the foundations as specified and the modular solution could be successfully married. Clarification on these matters was being sought as a matter of urgency.

While it was possible that project costs could increase under this alternative process, it was nevertheless likely that this route would achieve a higher spend in the time available and therefore, overall, offered better value for money to the Board in relation to the opportunity to retain its top slice allocation.

The Working Group **NOTED** the position and **AGREED**:

- i. that the option of carrying forward the top slice allocation continue to be explored with the Scottish Government;
- ii. to recommend that the Fire Board follow the professional advice given and seek a modular building solution for these projects; and
- iii. that, should the necessary clarifications be received and therefore the opportunity arise before the next meeting of the Board to take the revised projects forward, the Chief Fire Officer, in consultation with the Convener, Vice Convener, Treasurer and Director of Housing and Property, enter into the necessary contracts, with homologation for this course of action sought from the Board at its next meeting.

4. Revenue Budget 2009/10

There had been circulated Report No. PFWG10/08 dated 30 October 2008 by the Highland and Islands Fire and Rescue Service Head of Corporate Services setting a draft Revenue Budget for 2009/10 and future years. As in previous years, the budget reflected the needs of the Service to deliver its statutory, and the Board's policy, requirements.

The budget was in line with the parameters recommended by the Conveners of the Board's Constituent Authorities, showing an increase of 2.4% on 2008/09, including loan charges and additional government funding for pensions. In this regard, copies of correspondence had also been circulated: (a) letter dated 2 October from the Convener of Highland Council, on behalf of the Highlands and Islands Conveners' Group, to the Convener of the Fire Board; (b) letter dated 9 October 2008 from the Board Convener responding to (a) above; and (c) draft letter dated 29 October 2008 from the Convener proposing a response to (a) above on the behalf of the Board. Further relevant correspondence was tabled.

The Working Group **AGREED**:

- i. to recommend that the Fire Board approve the revenue needs based budget for 2009/10, as shown in the circulated papers; and
- ii. to support for its interest the draft letter of 29 October 2008.

5. Update from Fire Conveners' Forum Scotland

The Vice Convener reported that he had attended the first meeting of the proposed Fire Conveners Forum Scotland and that all Fire and Rescue Authorities/Joint Boards would now be asked to recognise the Forum and formally appoint their office bearers to attend. The Convener of Strathclyde Fire and Rescue Board had been appointed as Chairman of the Forum, with the Conveners of Lothian and Borders Fire and Rescue Board and this Board as Vice-Chairs.

Most Fire Conveners had attended the first meeting of the new COSLA Community Safety Executive Group, although no Police Conveners had attended, and only some Community Justice Authority Conveners. The Convener reported his impression that COSLA now seemed to recognise the importance of having specialist Fire and Rescue finance staff involved in discussions on Fire and Rescue capital and revenue issues.

The Working Group **NOTED** the position.

6. Principal Officers' Pay

No Officers of Highlands and Islands Fire and Rescue Service were present during this item.

At its meeting on 22 August 2008, the Working Group had agreed to recommend that consideration of the annual review of Principal Officers' pay be deferred until the Board meeting on 14 November 2008, to permit additional information to be provided to Members, with a further meeting of the Working Group held before then to consider the proposals tabled at that August meeting, and also additional information requested then, with a view to making a recommendation to the November Board.

In this regard there was circulated to Members only joint Report No. PFWG7/08 dated 23 October 2008 by the Clerk and the Treasurer.

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

- i. the Board approve recommendations (i), (iii), (iv) and (v) in the circulated report; and
- ii. in relation to recommendation (ii), the status quo be maintained.

The meeting ended at 3.30 p.m.