



OFFICIAL

# Information Governance Annual Update

## Finance & Resources Committee

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Date: 12 October 2018

Agenda Item:

5

Submitted By: Chief and Legal and Governance Officer

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<b>Purpose</b>	To provide an annual update on the implementation of Information Governance arrangements within West Yorkshire Fire and Rescue Services (WYFRS).
<b>Recommendations</b>	That the contents of the report are noted.
<b>Summary</b>	This report provides an annual update on the implementation of Information Governance and Security arrangements throughout the Authority. The General Data Protection Regulation (GDPR) came into force on 25 May 2018, the report highlights the arrangements that have been made to ensure compliance with the regulation

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Local Government (Access to information) Act 1972

Exemption Category: N/A

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Background papers open to inspection: N/A

Annexes: N/A

# 1 Introduction

- 1.1 At a Management Board meeting in December 2008 it was acknowledged that the area of Information Governance (IG) needed to be addressed following high profile cases regarding data losses and poor information sharing practices. As such, approval was given to the introduction of an Information Governance Framework and the creation of the Information Governance and Security Group (IGSG) in order to implement and maintain information governance effectively and consistently across the Authority.
- 1.2 Management Board also realised the need to introduce a structured approach towards Information Security (IS) based on international best practice. The implementation of an Information Security Management System (ISMS) aligned to the international standard ISO 27001 was also approved at the Management Board meeting of December 2008.
- 1.3 The former Chief Fire Officer's (CFO) regional and national involvement with the Her Majesty's Government Security Policy Framework (HMG SPF) and the Fire and Rescue Service Protective Security Strategy further highlighted the need to introduce a more structured approach to the areas of information governance and information security.
- 1.4 WYFRS has taken the proactive and pragmatic decision to implement sensible and proportionate security measures aligned to the HMG SPF and commensurate with the risks presented.
- 1.5 The General Data Protection Regulation (GDPR) came into force on 25 May 2018 with the Data Protection Act 2018 gaining Royal Assent. As an organisation, WYFRS is tasked to implement and demonstrate compliance with the requirements of GDPR. There are a number of areas that particularly impact WYFRS :
- Rights of the data subject
  - Privacy by design (consider privacy at the beginning and throughout any business activity that involves Personal Data)
  - Record of processing activities
  - Security of processing
  - Breach reporting to the Information Commissioners Office within 72 hours
  - Data Protection Impact Assessments and Prior Notice to the ICO concerning high risk data processing

# 2 Information

- 2.1 This report provides an update on the key areas of development during 2017/18 to ensure the effective implementation of the Information Governance (IG), Information Security (IS) and wider Protective Security (PS) arrangements across the Authority with a special emphasis on the implementation of the requirements of the General Data Protection Regulation (GDPR).
- 2.2 The strategic IGSG and the operational Corporate Information Management Group (CIMG) continue to develop, implement and promote information governance across all departments and to co-ordinate activities relating to information, physical and personnel security aspects across the service.
- 2.3 The Information Governance Statement was revised and republished in March 2017 by the Chief Fire Officer who readily endorsed it. This statement outlines the Authority's commitment to IG and has been quoted as being good practice during both internal and external audits.
- 2.4 The Information Management Strategy was approved by the Finances and Resources Committee in April 2017 together with the Information Management Policy Framework and the funds to purchase software to collate and manage the Information Asset Register. This forms part of the ICT Strategy Programme and the strategy aims to maximise the potential benefit from our information by managing it effectively, re-use it where we can, share it appropriately and ensure that it is adequately protected.

- 2.5 Significant progress has been made to implement the requirements of the General Data Protection Regulation (GDPR) which was introduced on 25 May 2018 to demonstrate compliance.
- 2.6 WYFRS is required under GDPR to appoint a Data Protection Officer (DPO). The role of the DPO is to assist to monitor data protection internal compliance, inform and advise on data protection obligations, provide advice regarding Data Protection Impact Assessments (DPIAs) and act as a contact point for data subjects and the Information Commissioners Office. WYFRS' appointed DPO is the Chief Legal and Governance Officer.
- 2.7 Policies and guidance have been revised to incorporate the requirements of GDPR. They have been approved at the Information Governance and Security Meetings.
- 2.8 The GDPR requires organisations to create a Record of Processing Activity (ROPA). Information regarding WYFRS processing activity has been collated and has been uploaded to new software (FLOWZ) which will manage the organisation's Information Assets and processing activity. Each activity has been risk assessed and the legal basis for processing has been recorded. FLOWZ will be operational for teams to update their processing activity later in the year and will assist Information Asset Owners to manage their assets.
- 2.9 GDPR has enhanced the information rights of the data subject. For the processing of personal data to be fair and lawful, privacy information needs to be communicated to the data subject. A privacy notice is a public statement of how the organisation applies data protection principles to processing personal data. WYFRS has produced an overarching Privacy Notice which is located on the website providing the service user with the privacy information mandated by the regulation. In addition to the corporate privacy notice on the website, a privacy notice for staff has been created to inform them of the processing of their personal data. Privacy notices have also been produced by the individual teams that process personal data, which are more specific to the service they deliver, to inform their service users at the point of collecting their personal data.
- 2.10 To assist with the GDPR requirement to report information breaches within 72 hours and to collate information on near misses, an electronic system is to be utilised for information incident reporting. This will enable staff to quickly record data security incidents and near misses. The System is currently being developed and will be implemented later this year.
- 2.11 To ensure compliance with the Data Protection Act, a schedule of data protection audits are being developed. The audits will assess that WYFRS procedures, systems, records and activities are in order to:
- Ensure appropriate policies and procedures are in place.
  - Verify that those policies and procedures are being followed.
  - Test the adequacy controls in place.
  - Detect breaches or potential breaches of compliance.
  - Recommend any indicated changes in control policy and procedure.

These will be three yearly audits, however high risk areas of the service may receive audits more frequently. The audits will highlight any areas for improvement with regards to data security so that actions can be taken to minimise any risk and provide data security assurance for WYFRS.

- 2.12 A data security online training package is being developed to provide bespoke security training for staff. Since the training is being developed in house it can be changed to reflect the needs of the business on a risk based approach. A GDPR online training, which provides an overview of the regulations, was launched to all staff at the beginning of May. Face to face specialist data protection training to teams has been delivered and will continue.
- 2.13 Internal communications including regular two weekly internal articles and data security poster campaigns have been implemented since April 2018 to raise awareness and understanding of GDPR and Data Security.
- 2.14 A GDPR page has been created on the intranet to provide information guidance and support to staff with useful explanation of the main concepts of the regulation and links to all the relevant guidance and templates for ease of use.
- 2.15 The Corporate Services department held a GDPR Launch Event on the 25 May 2018, highlighting the main elements of GDPR. Staff were invited to attend one of the sessions to gain understanding of the regulation.
- 2.16 The WYFRS standard procurement contract has been revised to incorporate clauses to comply with GDPR. Companies that WYFRS has a contract with have been contacted and been provided with a contract change notice that incorporates GDPR to the existing data security clauses.
- 2.17 GDPR has introduced the concept of Privacy By Design which is an approach to projects/business change that promotes privacy and data protection compliance from the start. WYFRS is promoting Privacy by Design to ensure that core privacy considerations are integrated within all business change processes that involve personal data. The integral part of taking the Privacy by Design approach is the use of Privacy Impact Assessments (PIA), these are used to identify and reduce the privacy risks to projects/business change. It will reduce the risk of harm to individuals through the misuse of their personal information as well as help to design more efficient and effective processes for handling personal data.
- 2.18 The Customer Service Excellence audit in November 2017 confirmed that WYFRS had maintained the Compliance Plus standard for the way 'we protect customer privacy both in face to face discussions and in the transfer and storage of customer information'.
- 2.19 An audit of the Authority's preparedness for the implementation of the General Data Protection Regulation was undertaken in July by Kirklees Internal Audit as part of the 2018/19 Internal Audit Plan. The scope of the audit was to provide assurance that the Authority is prepared for the implementation of the GDPR and are managing the associated risks accordingly. WYFRS received an overall rating of 'Substantial Assurance' which is the highest rating possible.
- 2.20 In addition, Kirklees Internal Audit carried out a Freedom of Information Compliance audit in August 2018 to review overall arrangements and records to ensure compliance with legislation whilst managing the process effectively and an overall rating of 'Substantial Assurance' was received.
- 2.21 WYFRS continues to measure data protection compliance against the NHS Information Governance toolkit. In April 2018 the toolkit was replaced by the Data Security and Protection Toolkit which WYFRS are adopting to assure compliance and will report against the toolkit to demonstrate data security and protection compliance.
- 2.22 The Access to Images Request system was introduced in June 2014 to ensure that personal information (images) is only disclosed in compliance with the Data Protection Act and the rights of the individual and to provide an audit trail with clear segregation and lines of approval. The system relates to any requests to access any video footage captured on WYFRS owned CCTV systems be that fixed camera, Silent Witness or mobile video. In 2017/18 WYFRS received a total of 196 requests to access CCTV footage compared with 162 requests in 2016/17.

2.23 In January 2014, this committee approved the re-introduction of charges for Incident/Fire Investigation Reports. For 2017/18, WYFRS received an annual total of 285 requests. The vast majority of requests (263) were summary Incident Reporting System (IRS) reports received by insurance companies/claim handlers and 18 were full IRS reports requested by the Police or Local Authorities. Therefore, the reports generated WYFRS £10,047 on a cost-recovery basis.

2.24 In accordance with the Department for Communities and Local Government Transparency Code, WYFRS has a statutory duty of providing data transparency to local residents and businesses. As such a series of datasets are available on the corporate website and are updated on either a quarterly or annual basis in accordance with the specifications. The following information is a brief overview of the published datasets that can be found on the [Data Transparency](#) section of the authority's website:

**a) Financial Transactions**

As of 31 December 2014 all transactions WYFRS make via the Government Procurement Cards are published on the website on a quarterly basis, in addition to the spend over £500 that was previously published.

**b) People and Pay**

All details relating to senior staff salaries, pay scales, pay multiples, alongside the organisation chart can be found on the Data Transparency pages of the website. The organisation chart provides direct links to relevant departmental information, contact details of Heads of Department and so on.

**c) Tenders and Procurement**

All Tender and Procurement information is now being logged on the website (for the amount of £5,000 or more).

**d) Land and Assets**

All detail of land and assets owned by WYFRS is now publically available.

**e) Trade Unions**

All details relating to Fire Brigades Union (FBU), Fire Officers Association (FOA) and UNISON activity is now published on the website.

2.25 Quarterly audits by all departments are now undertaken to ensure that access to any sensitive personal data or business critical/commercially sensitive data is on a strict need to know basis. Information Asset Owners are responsible for reporting the findings of the audits to the IGSG as a standing agenda item together with any remedial actions required.

### **3 Financial Implications**

3.1 The Information Commissioner's Office issue monetary penalty notices, requiring organisations to pay up to €20 million or 4% of the company's global annual turnover for serious breaches of the General Data Protection Regulation.

### **4 Legal Implications**

4.1 The Chief Legal & Governance Officer has considered this report and has no observations to make at the time of submission of this report but may provide legal advice at the committee meeting and/or respond to any requests by members for legal advice made at the meeting.

## **5 Human Resource and Diversity Implications**

5.1 There are no direct human resources and diversity implications associated with this report.

## **6 Health and Safety Implications**

6.1 There are no health and safety implications associated with this report

## **7 Organisational Dependencies**

7.1 The changes implemented to comply with the introduction of the GDPR in May 2018 have an impact throughout the Authority and particularly in relation to any existing or planned process, project or procurement that involves the collation and/or processing of personal information in whatever form that may be.

## **8 Service Plan Links**

8.1 This report refers to the Service Plan priority 'Provide effective and ethical governance and achieve value for money'.

## **9 Conclusions**

9.1 There has been significant work, and achievements gained, towards the implementation and management of Information Governance arrangements and security controls across the Service. Members are requested to note the contents of this report.



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# Employers Pension Contributions

## Finance & Resources Committee

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Date: 12 October 2018

Agenda Item:

6

Submitted By: Chief Finance and Procurement Officer

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**Purpose** To inform Members of the changes to the employers pension contributions for the 2015 Firefighters' Pension Scheme.

**Recommendations** That Members note the report

**Summary** The Government announced on 6 September that the discount rate used to determine the 2015 Firefighter employers' pension contribution rate had been reduced from 3% to 2.4%. Although the Government Actuary Department (GAD) has yet to announce the actual increase in contribution rate it is expected that it will result in large increases in employer pension contributions from April 2019.

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Local Government (Access to information) Act 1972

Exemption Category: Nil

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Background papers open to inspection: None

Annexes: None

## 1 Introduction

- 1.1 Contribution rates for unfunded public service pension schemes are set using the SCAPE discount rate (Superannuation Contributions Adjusted for Past Experience) which is a methodology developed by the Government in the absence of a fund of assets.

The Chancellor announced in the March 2016 budget that the SCAPE discount rate was to reduce from 3% to 2.8%.

- 1.2 The Government Actuary Department (GAD) is in the process of evaluating current pension data to determine the employer's pension contribution to be applied.

Keeping all other assumptions unchanged, a lower discount rate will result in higher contribution rates at the next scheme valuations.

The change to the discount rate affects contributions in respect of the 2015 Firefighters Pension Scheme because the other schemes are closed to new members.

## 2 Information

- 2.1 The SCAPE discount rate was introduced in 2011 and it is a model where unfunded pension scheme employer contributions are calculated. This is reviewed every 5 years and the methodology of calculation every 10 years. The budget in March 2016 announced the outcome of the first 5-yearly review and Government decided that the SCAPE discount rate should be revised from 3% to 2.8% above CPI inflation (Consumer Price Index).

- 2.2 The discount rate does not affect cash spent each year on public sector pensions, what it does affect is the split between the amount funded by employee and employer contributions and the balancing amount from the Treasury. Therefore, a reduction in the discount rate means that the Government is reducing the amount it contributes so the balance will have to be met by fire authorities.

- 2.3 Changes to the discount rate are outside cost cap agreements so increased costs cannot be shared with employees.

- 2.4 The reduction in the discount rate announced in March 2016 was estimated to increase employer pension contributions by 2% from April 2019 and this has been included within the Authority's Medium Term Financial Plan costing an additional of £1.1m per annum.

The announcement of 6 September 2018 that the discount rate would be revised down from 3% to 2.4% will mean a significant increase in employer firefighter pension contributions and is much greater than expected. GAD, who have calculated the scheme valuation, have yet to announce the actual increase in employer contributions but that figure is expected within the next couple of weeks.

- 2.5 Based on current projections an additional 1% on employer contributions will cost £0.5m, so, based on current estimations that a 0.2% reduction from 3% to 2.8% would increase costs by £1.1m per annum, a reduction in discount rate to 2.4% could cost in excess of £3m per annum.

- 2.6 The Treasury have indicated they will provide additional funding in 2019/20 to cover the majority of these costs but have not committed to beyond that. This further adds to our funding pressures and will require the Fire Authority to find further savings to meet this ongoing revenue cost. Although we could use our reserves in the short term to cover the funding shortfall, this not sustainable over the longer term as reserves can only be used once.



### **3 Financial Implications**

- 3.1 Provision is included within the Medium Term Financial Plan (MTFP) for an increase of 2% in employer pension contributions for the 2015 Firefighters' pension scheme. The announcement that the discount rate will reduce from 3% to 2.4% is higher than was previously estimated. This could increase pension contributions by £3m per annum, an additional £2m on current MTFP provisions. The Treasury have indicated that financial assistance will be available in 2019/20 only, meaning that the Authority will be required to find further savings to meet this increased cost.

### **4 Legal Implications**

- 4.1 The Chief Legal & Governance Officer has considered this report and has no observations to make at the time of submission of this report but may provide legal advice at the committee meeting and/or respond to any requests by members for legal advice made at the meeting.

### **5 Human Resource and Diversity Implications**

- 5.1 There are no human resource or diversity implications associated with this report

### **6 Health and Safety Implications**

- 6.1 There are no health and safety implications associated with this report

### **7 Conclusions**

- 7.1 Changes to the SCAPE discount rate will increase employer pension contributions from April 2019. Based on current estimates this could increase revenue pension costs by over £3m per annum which means the Authority will need to find further ongoing revenue savings.



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# Quarterly Financial Review

## Finance & Resources Committee

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Date: 12 October 2018

Agenda Item:

7

Submitted By: Chief Finance and Procurement Officer

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<b>Purpose</b>	To present a quarterly review of the financial position of the Authority
<b>Recommendations</b>	That Members note the report and approve the revised budget and capital plan
<b>Summary</b>	The purpose of this report is to present an overview of the financial performance of the Authority of the first five months of the financial year and to seek approval for the revision of the revenue budget and capital plan

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Local Government (Access to information) Act 1972

Exemption Category: Nil

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Background papers open to inspection: [Click here to enter text.](#)

Annexes:

- Appendix A Virement Analysis
- Appendix B Capital Plan
- Appendix C Investments

## SECTION 1 – REVENUE EXPENDITURE MONITORING

### 1 Introduction

- 1.1 Expenditure is monitored throughout the year against the approved revenue budget with reports presented to departments, cost centre managers and directors. The purpose of the report is to monitor progress against the approved revenue budget; provide a forecast outturn for the financial year; provide an explanation of any major variations, and to show the impact of any variations on the revenue balances of the Authority.

### 2 Information

#### Revenue Budget Revision

- 2.1 When the revenue budget is approved an amount is included in contingencies for future pay and prices increases and other budget adjustments.
- 2.2 Since the last quarterly report presented to members in July, there has been £560k that has been transferred to contingencies. These are summarised in the table below:

Budget Description	Budget 000's	Transfer to/from contingency 000's	Revised Budget 000's
<b>Employees</b>			
WM/CM External Recruitment		-£502	£502
Green Book Salaries			£0
Corporate Services Officer		£15	-£15
Technical Accountant		£16	-£16
<b>Supplies and Services</b>			
ICO Registration Fee		£3	-£3
AMA Grant		£6	-£6
<b>Insurance</b>		-£54	£54
<b>Support Services</b>		-£44	£44
<b>TOTAL</b>	<b>0</b>	<b>-£560</b>	<b>£560</b>
Contingency (Directorates)	1,530	560	2,090

Below is an explanation of the movements listed in the table:

#### Employees

Included within the revenue budget 2018/19 was the provision for the recruitment of fourteen external watch commander and crew commander posts. This budget has been managed within the recruitment budget and is no longer required. As a result, £502k has been transferred from the whole-time firefighter budget into contingencies.

The Executive Committee on the 7<sup>th</sup> September approved the appointment of a technical accountant in the finance team and a temporary corporate services officer for a twelve-month

period. There was no provision in the 2018/19 revenue budget for these posts meaning that £31k has been transferred from contingencies. These posts will be built into the base budget for 2019/20.

### **Supplies and Services**

There was an under provision in budget for the Information Commissioner Officers registration fee and the Association of Metropolitan Authorities grant amounting to £9k.

### **Insurance**

All invoices for insurance have been paid meaning that the under spend of £54k against budget is no longer required and the balance has been transferred to contingencies.

### **Support Services**

The cost of the Service Level Agreement with Kirklees Council is £44k under budget, there will be no further expenditure during 2018/19 and hence the balance has been moved to contingencies.

- 2.3 The above adjustments will be incorporated into the base budget for 2019/20. For information, there has been no call upon the £531k that was moved from non-employee budgets to contingencies in July and budget monitoring shows that these budgets are manageable at their revised level. If this continues these will be cut permanently from the 2019/20 base budget.

## **3 Expenditure Monitoring**

- 3.1 This report is based on expenditure to period 5 which is to the end of August 2018 and includes the first five salary payments of 2018/19. The projected outturn is based on current years' expenditure and is forecast to the end of the year based on previous expenditure profiles. Overall, the latest forecast indicates there will be an under spending of £180k in the current financial year, which is in line with the under spend of £239k projected at F&R in July.
- 3.2 An improved budget monitoring report for managers has been introduced for 2018/19 which will highlight those areas of concern using a Red, Amber, Green (RAG) rating. Although this is still in its infancy, I am pleased to report to Members that finance are receiving satisfactory explanations from budget holders for the RAG ratings and are working closely with managers to rectify any highlighted under and over spends. This is also reported Management Board on a monthly basis.

3.3 The table below summarises the forecast with an explanation of the causes detailed below.

	<b>Revenue Budget</b>	<b>Forecast</b>	<b>Variance</b>
	£000	£000	£000
Employees			
Whole time	45,627	45,430	-197
Retained	1,718	1,749	31
Control	1,865	1,827	-38
Green Book	9,335	9,455	120
Pensions	2,157	2,157	0
Training	787	787	0
Other Employee	197	197	0
TOTAL	61,686	61,602	-84
Premises	4,121	4,105	-16
Transport	2,283	2,329	46
Supplies and Services	4,942	4,816	-126
Contingency Pay and Prices	807	807	0
Contingency Directorates	2,106	2,106	0
Insurance	918	918	0
Support Services	294	294	0
Capital Charges	7,572	7,572	0
Income	-2,817	-2,817	0
<b>Net Expenditure</b>	<b>81,912</b>	<b>81,732</b>	<b>-180</b>

**Employees -£84,000**

Whole time Fire Fighters -£197,000

There is currently a forecast underspending of £197,000 in whole time fire fighter employee budgets.

This underspend is due to a saving on the salary of 8 employees who have retired from the service before their retirement profile due date to which there is budget provision. So for example, if a fire fighter retires six months early than their budgeted date there will be a corresponding six month saving on their salary.

Retained Fire Fighters £31,000

The forecast over spend of £31,000 is due the increase in turnouts in relation to the moorland fires in July.

Control -£38,000

The projected underspend is due to control staff vacancies, these have now been filled meaning that the budget will be fully expended in the year.

Green Book (non operational) £120,000

The forecast over spend of £120,000 is in the main due to the extension of the leaving date of employees on fixed term contracts. These have been approved by management.

3.4 **Premises** -£16,000

The under spend is due to a reduction in expenditure on repairs and maintenance. The previous report in July identified a potential over spend of £31k but due to the RAG rating method of monitoring, finance and property have worked together to bring this expenditure under control.

3.5 **Transport** £46,000

The projected over spend on transport is due to an increase in expenditure on vehicle fuel, which after further analysis can be attributed to an increase both in the cost of fuel and usage. This will be monitored closely during the year.

3.6 **Supplies and services** -£126,000

The forecast underspending is due to the following:

- The implementation of the new HR & Rostering system is estimated to be £75k under budget.
- There is an under spend of £51k on clothing and equipment, however, if there was a serious incident these budgets could be called upon and thus could be fully expended by the end of the financial year.

## 4 Impact on Revenue Balances

4.1 The projected under spending will have the effect of increasing the general fund balance which is detailed in the table below.

Description	General Reserve £000
Balance at 1 April 2018	14,388
<i>Transfer to earmarked reserves</i>	-9,388
Impact of forecast	180
Transfer to Balances in year	
Planned use of balances	-1,998
Forecast Balance at 31/3/2019	3,182

## 5 Capital Expenditure Monitoring

### 5.1 Introduction

At its meeting on 16 February 2018 the Authority approved a five-year capital programme of £22.595m which included schemes to the value of £8.792m for the current financial year.

### 5.2 Revised capital plan 2018/19

5.2.1 The nature of major capital schemes means that expenditure often straddles a number of financial years, particularly in the case of major building schemes and longer projects. As part of the review of the 2017/18 accounts, expenditure on capital schemes is reviewed and schemes that are committed but not completed are slipped into the following year's capital plan. The value of schemes which have been transferred into the 2018/19 capital plan is £2.3m.

5.2.2 The current capital plan has been reviewed with budget managers and a number of schemes will not be expended in 2018/19 due to delays in the tender process and some will not be spent at all. The table below shows the revisions to the capital plan

Directorate	Total	2018/19	Slippage 2017/18	Virement 2018/19	Revised 2018/19	2019/20	Virement	Revised 2019/20	2020/21	2021/22
	£000	£000			£000	£000	£000	£000	£000	£000
Property	£9,234,472	£3,150,000	£971,472	-\$1,200,000	£2,921,472	£2,243,000	£1,200,000	£3,443,000	£1,030,000	£1,840,000
ICT	£2,624,473	£1,540,200	£708,938	-\$694,265	£1,554,873	£664,600	£165,000	£829,600	£170,000	£70,000
Transport	£5,074,738	£1,500,000	£64,738		£1,564,738	£0		£0	£1,900,000	£1,610,000
HR	£55,700	£18,000	£37,700		£55,700	£0		£0	£0	£0
Operations	£5,369,976	£2,084,000	£510,476		£2,594,476	£1,538,000		£1,538,000	£699,500	£538,000
Fire Safety	£2,000,000	£500,000	£0		£500,000	£500,000		£500,000	£500,000	£500,000
Finance	£0	£0	£26,530		£26,530	£0		£0		
<b>TOTAL</b>	<b>£24,385,889</b>	<b>£8,792,200</b>	<b>£2,319,854</b>	<b>-\$1,894,265</b>	<b>£9,217,789</b>	<b>£4,945,600</b>	<b>£1,365,000</b>	<b>£6,310,600</b>	<b>£4,299,500</b>	<b>£4,558,000</b>
<b>Financed by</b>										
Borrowing	£24,385,889	£8,792,200	£2,319,854	-\$1,894,265	£9,217,789	£4,945,600	£4,945,600	£6,310,600	£4,299,500	£4,558,000
Capital Receipts	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0

Explanations of the movements are below and are detailed in Appendix A:

- Wakefield Fire Station.
  - o The rebuild of Wakefield fire station has yet to go out to tender and as such the only planned expenditure in 2018/19 will be for fees. £1.2m has been slipped into the next financial year.
- ICT Review
  - o The Information Communications and Technology (ICT) manager has reviewed the capital schemes for ICT and due to timing, resourcing issues and changes in implementation some schemes will slip into 2019/20 and some are no longer required.

5.2.3 At the Authority AGM in 2010, Management Board was given delegated power to approve individual virement between capital schemes of up to £100,000. Details of any approvals will be reported to committee throughout the year as part of this report. At the September management board, £83,370 was approved to be vired from the Hydraulic Cutting equipment scheme for the purchase of Method of Entry Equipment and a Drone. The hydraulic cutting equipment scheme has a £300k under spend.

In addition, members are asked to approve the virement of £50k from the property car park scheme to schemes for Appliance Bay Pits (£25k) and Training Centre Upgrade Works (£25k).

### 5.3 Capital Payments 2018/19

- 5.3.1 The actual capital payments and commitments to date total £3.574m which represents 39% of the revised capital plan. Due to the procurement process for capital schemes, a large proportion of capital expenditure occurs in the latter part of the financial year.
- 5.3.2 A summary of the capital plan including slipped schemes is attached to this report in Appendix B which shows details of expenditure on each individual scheme.
- 5.3.3 In line with revenue budget monitoring a RAG rating system has been introduced to capital monitoring reports with the aim to improve budget holder accountability.

### 5.4 Approvals under financial procedure 3.11

- 5.4.1 Under financial procedures 3.11 the Management Board can approve expenditure on schemes in the approved capital plan up to an amount of £100,000 along with a requirement to report these approvals to the Finance and Resources Committee.
- 5.4.2 In this financial year, the Management Board have approved schemes totalling £418,700 and details of approvals since the last report are shown in the table below.

Date	Directorate	Scheme	Approval	Virement
July	Service Support	Mobile Working	£51,000	
September	Service Delivery	Method of Entry Equipment Unmanned Aerial Vehicle (Drone)		£60,000 £32,000
			£51,000	£92,000

### 5.5 Capital Receipts

The only single substantial capital receipt expected in 2018/19 will be for the sale of the WY1 number plate which is currently on an auction site with a reserve value of £130,000. Since April 2018, the Authority has sold five vehicles generating total capital receipts of £56,832.

## 6 Treasury Management

- 6.1 The Authority approved its Treasury Management Strategy on the 16<sup>th</sup> February 2018 in accordance with the CIPFA Code of Practice on Treasury Management.

In the current financial year, the Authority is continuing to benefit from a positive cash flow through the early payment of Government grant and revenue balances which has meant that no new long term borrowing has been required for the past five years.

Consequently, in the current financial year treasury management activity has been limited to investments. The table in Appendix C shows the Authority currently has total investments of £40.8m split between seven counter parties with rates of interest between 0.51% and 1%. The Authority's investments has been boosted by the receipt of £34m of Top Up Grant in July 2018.



## **7 Debtors**

- 7.1 The Authority receives income for services provided; these include special services, training courses, fire safety certificates, and licences for telecom masts on premises. In most cases the services provided are a result of an emergency which means that it is not possible to raise a charge in advance of the service and as a consequence debtor accounts are raised.
- 7.2 The level of outstanding debt owed to the Authority to the end of June 18 is £108,256 which can be profiled as follows:
- |                        |          |
|------------------------|----------|
| Less than 60 days -    | £ 52,948 |
| Greater than 60 days - | £ 55,308 |
- 7.3 The procedure for issuing accounts and debt collection is provided by Kirklees Council under a Service Level Agreement. A summary of the procedure for collecting outstanding debt is detailed below:
- |         |                                     |
|---------|-------------------------------------|
| 21 days | first reminder letter               |
| 28 days | second reminder letter              |
| 35 days | instigation of debt recovery system |

As detailed above, there is currently £108,256 of debt which is at the recovery stage. However, previous experience suggests that the Authority will recover all of the outstanding debts.

## **8 Creditors**

- 8.1 The Authority is required to pay all non disputed invoices within 28 days of receipt. In the first 5 months of the current financial year the Authority has received 3,864 invoices and paid 99.5 % of them within 28 days.

## **9 Financial Implications**

- 9.1 The financial implications have been detailed in each section of the report.

## **10 Legal Implications**

- 10.1 The Chief Legal & Governance Officer has considered this report and has no observations to make at the time of submission of this report but may provide legal advice at the committee meeting and/or respond to any requests by members for legal advice made at the meeting.

## **11 Human Resource and Diversity Implications**

- 11.1 There are no human resource and diversity implications associated with this report

## **12 Health and Safety Implications**

- 12.1 There are no health and safety implications associated with this report

Dept	Capital Scheme	Capital scheme description	Original Capital Plan	Capital Plan 18/19	Capital Plan 19/20	Capital Plan 20/21	Capital Plan 21/22	Revenue	Explanation
Property	C.20410	Wakefield Rebuild	2,247,000.00	310,000.00	1,947,000.00				Planning process in 18/19. Building work to start in 19/20
IT	C.20367 & C.20435	HR & Rostering	300,000.00	50,000.00				50,000.00	Revenue expenditure - capital no longer required
IT	C.20366	System Security	220,000.00	148,000.00					IDM under dispute following withdrawal of order. Revised plans unlikely to require expenditure. Leave at £148k
IT	C.20362	Information Management Strategy	10,000.00	6,800.00					Unchanged
IT	C.20364	Paperless meetings	41,000.00	41,000.00					If OneVite trials are successful then no budget required, leave at £41k
IT	Not issued	Electronic Forms	80,000.00	25,000.00					Original plans superseded by new systems not requiring forms.
									Cost is to replace InfoPath with Nimex following SharePoint upgrade.
									Moved from 2019/20 into 2018/19
IT	C.20434	Operational Risk Information	50,000.00	50,000.00					Likely to undertake work internally. Leave budget until confirmed if we can capitalise or not
IT	C.20430	Protection Database	50,000.00	50,000.00					Likely to undertake work internally. Leave budget until confirmed if we can capitalise or not
IT	C.20433	Command Support Software	100,000.00			100,000.00			Unchanged
IT	Not issued	Thin Client	340,000.00		140,000.00	100,000.00	100,000.00		Unchanged - unlikely this will be needed
IT	C.20431	ID Cards	15,300.00		15,300.00				Unchanged
IT	Not issued	Hydrant Management	30,000.00		30,000.00				Unchanged - unlikely this will be needed
IT	Not issued	Equipment management & RFID	293,000.00		293,000.00				Unchanged
IT	C.20432	BYOD	156,000.00	60,000.00					Budget reduced to cover MDM licences and any infrastructure
									Upgrades
IT	Not issued	Trainman Upgrade	51,600.00	80,000.00					Increased to cover upgrade and tablet purchase
IT	C.20377	Property Asset Manager	40,000.00	40,000.00					Unchanged
IT	c.20436	Mobile Working	150,000.00	51,000.00					App development done in house so budget reduced to reflect this
IT	c.20427	VOIP	265,000.00	100,000.00	165,000.00				Unchanged
<b>Total</b>			<b>4,438,900.00</b>	<b>1,001,800.00</b>	<b>2,590,300.00</b>	<b>200,000.00</b>	<b>100,000.00</b>	<b>#####</b>	

**CAPITAL BUDGET MONITORING 2018/19**  
**SUMMARY**

Directorate	Capital Plan 18/19				Approved Capital 18/19				Capital Expenditure 18/19		
	2018/19 Capital Plan	2017/18 Slippage	2018/19 Slippage	18/19 Total	2018/19 Capital Approvals	2017/18 Slippage	2018/19 Virement	2018/19 Total Approved Capital	2018/19 Commitments Opex	2018/19 Total Exp	2018/19 Over/(Under) spend to date
Property services	£1,650,000	£271,472	£0	£1,921,472	£1,650,000	£271,472	£0	£1,921,472	£347,387	£258,184	-£1,315,902
IRMP	£1,500,000	£700,000	-£1,200,000	£1,000,000	£300,000	£700,000	£0	£1,000,000	£142,360	£55,162	-£802,478
ICT	£1,540,200	£708,938	-£694,265	£1,554,873	£244,700	£708,938	£0	£953,638	£155,840	£53,652	-£744,146
HR	£18,000	£37,700	£0	£55,700	£18,000	£37,700	£0	£55,700	£0	£52,241	-£3,459
Transport	£1,500,000	£64,738	£0	£1,564,738	£1,500,000	£64,738	£0	£1,564,738	£1,303,257	£24,830	-£236,650
Operations	£2,084,000	£510,476	£0	£2,594,476	£1,877,000	£510,476	£0	£2,387,476	£898,693	£109,721	-£1,379,063
Fire Safety & Community Relations	£500,000	£0	£0	£500,000	£500,000	£0	£0	£500,000	£18,000	£141,269	-£340,731
Finance	£0	£26,530	£0	£26,530	£0	£26,530	£0	£26,530	£13,505	£0	-£13,025
	<b>£8,792,200</b>	<b>£2,319,854</b>	<b>-£1,894,265</b>	<b>£9,217,789</b>	<b>£6,089,700</b>	<b>£2,319,854</b>	<b>£0</b>	<b>£8,409,554</b>	<b>£2,879,041</b>	<b>£695,058</b>	<b>-£4,835,455</b>

CAPITAL BUDGET MONITORING 2018/19

SERVICE SUPPORT

PROPERTY

Details of Scheme	Capital Plan 18/19				Approved Capital 18/19				Capital Expenditure 18/19			
	2018/19	2017/18	2018/19	2018/19	2018/19	2017/18	2018/19	2018/19	2018/19	2018/19	2018/19	
	Capital Plan	Slippage	Slippage	Total	Approvals	Slippage	Virement	Total Approved Capital	Commitments Opex	Total Exp	Over/(Under) spend to Date	
Cookridge/Moortown	£100,000	£0	£0	£100,000	£100,000	£0	£0	£100,000	£6,200	£3,000	£-90,800	
FSHQ Works 18/19	£185,000	£0	£0	£185,000	£185,000	£0	£0	£185,000	£5,198	£8,771	£-171,031	
New Car Park Training Centre 17/18	£150,000	£0	£0	£150,000	£150,000	£0	£-50,000	£100,000	£0	£0	£-100,000	
FSHQ Retaining and Boundary Walls	£120,000	£0	£0	£120,000	£120,000	£0	£0	£120,000	£6,500	£0	£-113,500	
Upgrade FSHQ - Breathing Acc, Classroom, TC	£100,000	£0	£0	£100,000	£100,000	£0	£0	£100,000	£6,950	£0	£-93,050	
General Upgrading Morley	£80,000	£0	£0	£80,000	£80,000	£0	£0	£80,000	£613	£690	£-78,697	
General Upgrading Odsal	£100,000	£0	£0	£100,000	£100,000	£0	£0	£100,000	£0	£0	£-100,000	
Fire Alarm upgrade, Security Gate Fairweather Green	£50,000	£0	£0	£50,000	£50,000	£0	£0	£50,000	£0	£0	£-50,000	
Tarmac, Lighting, smoke training House - Bingley	£45,000	£0	£0	£45,000	£45,000	£0	£0	£45,000	£613	£690	£-48,697	
Security gate, fencing, LED Lighting - Illingworth	£50,000	£0	£0	£50,000	£50,000	£0	£0	£50,000	£613	£690	£-48,697	
LED Lighting, Ext lighting CCTV, Security Todmorden	£30,000	£0	£0	£30,000	£30,000	£0	£0	£30,000	£8,765	£690	£-20,545	
Roof drainage, LED lighting, General Works Cleckheaton	£45,000	£0	£0	£45,000	£45,000	£0	£0	£45,000	£4,114	£518	£-40,368	
Upgrade AFS garage/gym, LED Lighting, Asbestos - Slaithwaite	£30,000	£0	£0	£30,000	£30,000	£0	£0	£30,000	£0	£14,649	£-15,351	
Boiler, Lighting, car parking, wall repairs - Meltham	£55,000	£0	£0	£55,000	£55,000	£0	£0	£55,000	£3,200	£0	£-51,800	
LED Lighting, Replace glazing - Rawdon	£80,000	£0	£0	£80,000	£80,000	£0	£0	£80,000	£5,413	£690	£-73,897	
LED Lighting, Decorating - Leeds	£50,000	£0	£0	£50,000	£50,000	£0	£0	£50,000	£652	£734	£-48,615	
Kitchen & Facility improvements - Stanningley	£20,000	£0	£0	£20,000	£20,000	£0	£0	£20,000	£0	£0	£-20,000	
Security systems, fire alarm, LED lighting - Garforth	£40,000	£0	£0	£40,000	£40,000	£0	£0	£40,000	£613	£690	£-38,697	
LED Lighting - Bradford	£25,000	£0	£0	£25,000	£25,000	£0	£0	£25,000	£460	£1,093	£-23,448	
Upgrade Shower installations - Normanton	£25,000	£0	£0	£25,000	£25,000	£0	£0	£25,000	£0	£0	£-25,000	
Upgrade to various Training Towers	£50,000	£0	£0	£50,000	£50,000	£0	£0	£50,000	£0	£0	£-50,000	
Security systems, Fire Alarms & upgrades	£100,000	£0	£0	£100,000	£100,000	£0	£0	£100,000	£15,272	£41,055	£-43,673	
Filling in Appliance Bay & making good	£60,000	£0	£0	£60,000	£60,000	£0	£25,000	£85,000	£59,903	£0	£-25,097	
Asbestos removal	£40,000	£0	£0	£40,000	£40,000	£0	£0	£40,000	£3,600	£0	£-36,400	
Minor Equality & dignity facility improvements	£20,000	£0	£0	£20,000	£20,000	£0	£0	£20,000	£0	£1,447	£-18,554	
Oakroyd Hall	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
General	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Specific	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
<b>TOTAL CAPITAL PLAN 2018/19</b>	<b>£1,650,000</b>	<b>£0</b>	<b>£0</b>	<b>£1,650,000</b>	<b>£1,650,000</b>	<b>£0</b>	<b>£-25,000</b>	<b>£1,625,000</b>	<b>£128,681</b>	<b>£75,406</b>	<b>£-1,420,913</b>	
<b>SLIPPED SCHEMES</b>												
Roof replacement - Skelmanthorpe	£0	£2,000	£0	£2,000	£0	£2,000	£0	£2,000	£0	£1,652	£-348	
Training Centre boiler replacement	£0	£3,235	£0	£3,235	£0	£3,235	£0	£3,235	£0	£-1,380	£-4,615	
Emergency generator - Slaithwaite	£0	£2,860	£0	£2,860	£0	£2,860	£0	£2,860	£0	£449	£-2,412	
Additional Security, CCTV and intruder alarms	£0	£0	£0	£0	£0	£0	£0	£0	£958	£-1,150	£-192	
Upgrade training fac - new steel training tower, fees, concrete surface replacement, installation of new water hydrant supply for drill yard	£0	£16,000	£0	£16,000	£0	£16,000	£25,000	£41,000	£174,754	£593	£134,347	
Refurbishment - Wetherby	£0	£57,263	£0	£57,263	£0	£57,263	£0	£57,263	£0	£60,332	£3,069	
Tarmac hard standing and Interceptors and Tanks - Silsden	£0	£7,991	£0	£7,991	£0	£7,991	£0	£7,991	£0	£0	£-7,991	
Training Centre - Internal conversion works	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Training Centre - IT Suite heating, cooling and ventilation	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
External decorations District Smoke Houses - Bingley	£0	£50,000	£0	£50,000	£0	£50,000	£0	£50,000	£13,900	£0	£-36,100	
Phased programme to install essential security systems including PAC access, CCTV monitoring and recording, intruder alarms and fire detection - Keighley, Bingley, Fairweather Green, Odsal, Halifax, Boiler replacement - Bradford	£0	£59,758	£0	£59,758	£0	£59,758	£0	£59,758	£13,812	£49,834	£3,888	
Roof replacements - Fairweather Green	£0	£1,093	£0	£1,093	£0	£1,093	£0	£1,093	£0	£55,135	£8,676	
Upgrade to brick built towers including structural repairs and upgrade of existing electrical system - Meltham	£0	£1,940	£0	£1,940	£0	£1,940	£0	£1,940	£1,916	£0	£-25	
Leeds - Ablutions & Tarmac hard standing	£0	£22,873	£0	£22,873	£0	£22,873	£0	£22,873	£13,366	£13,765	£4,258	
<b>TOTAL SLIPPED SCHEMES</b>	<b>£0</b>	<b>£271,472</b>	<b>£0</b>	<b>£271,472</b>	<b>£0</b>	<b>£271,472</b>	<b>£25,000</b>	<b>£296,472</b>	<b>£218,706</b>	<b>£182,777</b>	<b>£105,011</b>	
<b>SCHEMES - NO APPROVAL</b>												
Upgrade Ablutions Garforth	£0	£0	£0	£0	£0	£0	£0	£0	£0	£1,238	£1,238	
Capital - General Equipment	£0	£0	£0	£0	£0	£0	£0	£0	£0	£22,512	£22,512	
MPTC Upgrade	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
FSHQ TC Main Block	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
BA Compressor	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
<b>TOTAL SCHEMES - NO APPROVAL</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£23,750</b>	<b>£23,750</b>	
<b>TOTAL CAPITAL 18/19</b>	<b>£1,650,000</b>	<b>£271,472</b>	<b>£0</b>	<b>£1,921,472</b>	<b>£1,650,000</b>	<b>£271,472</b>	<b>£0</b>	<b>£1,921,472</b>	<b>£347,387</b>	<b>£281,934</b>	<b>£-1,292,152</b>	

**CAPITAL BUDGET MONITORING**  
**2018/19**  
**IRMP**

Details of Scheme	Capital Plan 18/19				Approved Capital 18/19				Capital Expenditure 18/19		
	2018/19	2017/18	2018/19	2018/19	2018/19	2017/18	2018/19	2018/19	2018/19	2018/19	2018/19
	Capital Plan	Slippage	Slippage	Total	Approvals	Slippage	Virement	Total Approved Capital	Commitments Opex	Total Exp	Over/(Under) spend to Date
Wakefield rebuild	£1,500,000	£0	-£1,200,000	£300,000	£300,000	£0	£0	£300,000	£142,341	£5,140	-£152,519
<b>TOTAL CAPITAL PLAN 2018/19</b>	<b>£1,500,000</b>	<b>£0</b>	<b>-£1,200,000</b>	<b>£300,000</b>	<b>£300,000</b>	<b>£0</b>	<b>£0</b>	<b>£300,000</b>	<b>£142,341</b>	<b>£5,140</b>	<b>-£152,519</b>
<b>SLIPPED SCHEMES</b>											
Dewsbury	£0	£100,000	£0	£100,000	£0	£100,000	£0	£100,000	£7	£2,370	-£97,623
ShIPLEY	£0	£500,000	£0	£500,000	£0	£500,000	£0	£500,000	£0	£47,652	-£452,348
Ossett	£0	£100,000	£0	£100,000	£0	£100,000	£0	£100,000	£11	£0	-£99,989
<b>TOTAL SLIPPED SCHEMES</b>	<b>£0</b>	<b>£700,000</b>	<b>£0</b>	<b>£700,000</b>	<b>£0</b>	<b>£700,000</b>	<b>£0</b>	<b>£700,000</b>	<b>£18</b>	<b>£50,022</b>	<b>-£649,959</b>
<b>SCHEMES - NO APPROVAL</b>											
Mytholmroyd Flood	£0	£0	£0	£0	£0	£0	£0	£0	£0	-£135	-£135
South Kirby	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>TOTAL SCHEMES - NO APPROVAL</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>-£135</b>	<b>-£135</b>
				£0							
<b>TOTAL CAPITAL 18/19</b>	<b>£1,500,000</b>	<b>£700,000</b>	<b>-£1,200,000</b>	<b>£1,000,000</b>	<b>£300,000</b>	<b>£700,000</b>	<b>£0</b>	<b>£1,000,000</b>	<b>£142,360</b>	<b>£55,027</b>	<b>-£802,613</b>

**CAPITAL BUDGET**  
**MONITORING 2018/19**  
**SERVICE SUPPORT**  
**HUMAN RESOURCES**

Details of Scheme	Capital Plan 18/19				Approved Capital 18/19				Capital Expenditure 18/19		
	2018/19	2017/18	2018/19	2018/19	2018/19	2017/18	2018/19	2018/19	2018/19	2018/19	2018/19
	Capital Plan	Slippage	Slippage	Total	Approvals	Slippage	Virement	Total Approved Capital	Commitments Opex	Total Exp	Over/(Under) spend to Date
HQ Gym Equipment	£18,000	0	0	£18,000	£18,000	0	0	£18,000	£0	£15,245	-£2,755
<b>TOTAL CAPITAL PLAN 2018/19</b>	<b>£18,000</b>	<b>£0</b>	<b>£0</b>	<b>£18,000</b>	<b>£18,000</b>	<b>£0</b>	<b>£0</b>	<b>£18,000</b>	<b>£0</b>	<b>£15,245</b>	<b>-£2,755</b>
<b>SLIPPED SCHEMES</b>											
Casualty Care Training	£0	£37,700	0	£37,700	£0	£37,700	0	£37,700	£0	£36,995	-£705
<b>TOTAL SLIPPED SCHEMES</b>	<b>£0</b>	<b>£37,700</b>	<b>£0</b>	<b>£37,700</b>	<b>£0</b>	<b>£37,700</b>	<b>£0</b>	<b>£37,700</b>	<b>£0</b>	<b>£36,995</b>	<b>-£705</b>
<b>TOTAL CAPITAL 18/19</b>	<b>£18,000</b>	<b>£37,700</b>	<b>£0</b>	<b>£55,700</b>	<b>£18,000</b>	<b>£37,700</b>	<b>£0</b>	<b>£55,700</b>	<b>£0</b>	<b>£52,241</b>	<b>-£3,459</b>

2018/19  
SERVICE SUPPORT  
ICT

Details of Scheme	Capital Plan 18/19				Approved Capital				Capital Expenditure 18/19			
	2018/19	2017/18	2018/19	2018/19	2018/19	2017/18	2018/19	2018/19	2018/19	2018/19	2018/19	
	Capital Plan	Slippage	Slippage	Total	Approvals	Slippage	Virement	Total Approved Capital	Commitments Opex	Total Exp	Over/(Under) spend to Date	
Computer Hardware	£70,000	£0	£0	£70,000	£70,000	£0	£0	£70,000	£0	£8,533	£61,467	✓
GPS Repeaters	£98,700	£0	£0	£98,700	£98,700	£0	£0	£98,700	£80,500	£0	£18,200	✓
Voice Over IP Telephony	£265,000	£0	£165,000	£100,000	£0	£0	£0	£0	£0	£0	£0	✓
Silent Witness	£390,200	£0	£0	£390,200	£0	£0	£0	£0	£0	£0	£0	✓
Mobile Phone	£25,000	£0	£0	£25,000	£25,000	£0	£0	£25,000	£455	£15,790	£8,755	✓
Protection Database	£50,000	£0	£0	£50,000	£0	£0	£0	£0	£0	£0	£0	✓
ID Cards	£15,300	£0	£15,300	£0	£0	£0	£0	£0	£0	£0	£0	✓
Bring Your Own Device Policy and Softw	£116,000	£0	£56,000	£60,000	£0	£0	£0	£0	£0	£0	£0	✓
Command Support	£100,000	£0	£100,000	£0	£0	£0	£0	£0	£0	£0	£0	✓
Operational Risk Information	£50,000	£0	£0	£50,000	£0	£0	£0	£0	£0	£0	£0	✓
Additional resource for HR & Rostering	£150,000	£0	£50,000	£100,000	£0	£0	£0	£0	£0	£0	£0	✓
Mobile Working	£150,000	£0	£99,000	£51,000	£51,000	£0	£0	£51,000	£0	£562	£50,438	✓
Hydra command training	£60,000	£0	£0	£60,000	£0	£0	£0	£0	£0	£0	£0	✓
Thin Client	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	✓
Hydrant Management	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	✓
Equipment Management & RFID	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	✓
Transport Upgrade	£0	£0	£80,000	£80,000	£0	£0	£0	£0	£0	£0	£0	✓
Electronic Forms	£0	£0	£25,000	£25,000	£0	£0	£0	£0	£0	£0	£0	✓
<b>TOTAL CAPITAL PLAN 2018/19</b>	<b>£1,540,200</b>	<b>£0</b>	<b>£380,300</b>	<b>£1,159,900</b>	<b>£244,700</b>	<b>£0</b>	<b>£0</b>	<b>£244,700</b>	<b>£80,955</b>	<b>£24,886</b>	<b>£138,859</b>	
<b>SLIPPED SCHEMES</b>												
Communications Test Equipment	£0	£36,266	£0	£36,266	£0	£36,266	£0	£36,266	£0	£0	£36,266	✓
ICTSP2 Information Management Strat	£0	£10,000	£3,200	£6,800	£0	£10,000	£0	£10,000	£0	£0	£10,000	✓
ICTSP8 Paperless Meetings	£0	£41,000	£41,000	£0	£0	£41,000	£0	£41,000	£0	£0	£41,000	✓
ICTSP4 System Security	£0	£217,765	£69,765	£148,000	£0	£217,765	£0	£217,765	£0	£0	£217,765	✓
ICTSP3 HR & Rostering	£0	£300,000	£200,000	£100,000	£0	£300,000	£0	£300,000	£53,783	£14,000	£232,217	✓
Asset Management Software	£0	£40,000	£0	£40,000	£0	£40,000	£0	£40,000	£0	£0	£40,000	✓
Additional Hardware 17-18	£0	£4,308	£0	£4,308	£0	£4,308	£0	£4,308	£0	£4,308	£0	✓
ICT Hardware for Trainee Firefighters	£0	£3,751	£0	£3,751	£0	£3,751	£0	£3,751	£0	£1,580	£2,171	✓
Retained Pagars	£0	£25,848	£0	£25,848	£0	£25,848	£0	£25,848	£21,102	£8,878	£4,132	✗
MDT	£0	£30,000	£0	£30,000	£0	£30,000	£0	£30,000	£0	£0	£30,000	✓
<b>TOTAL SLIPPED SCHEMES</b>	<b>£0</b>	<b>£708,938</b>	<b>£313,965</b>	<b>£394,973</b>	<b>£0</b>	<b>£708,938</b>	<b>£0</b>	<b>£708,938</b>	<b>£74,885</b>	<b>£28,766</b>	<b>£605,287</b>	
<b>SCHEMES - NO APPROVAL</b>												
Server Room Equipment	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
New Control Project ICT	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Computer Hardware 15-16	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
New Wan Enabling Work	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Sap Upgrade	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
New WAN (Enabling work)	£0	£6,916	£0	£6,916	£0	£6,916	£0	£6,916	£8,912	£6,900	£4,904	✓
Networking Hardware	£0	£0	£0	£0	£0	£0	£0	£0	£0	£1,580	£1,580	
Telephone Systems	£0	£0	£0	£0	£0	£0	£0	£0	£0	£20	£20	
Computer Hardware	£0	£0	£0	£0	£0	£0	£0	£0	£0	£375	£375	
<b>TOTAL EXPENDITURE NO APPROVAL</b>	<b>£0</b>	<b>£6,916</b>	<b>£0</b>	<b>£6,916</b>	<b>£0</b>	<b>£6,916</b>	<b>£0</b>	<b>£6,916</b>	<b>£8,912</b>	<b>£8,875</b>	<b>£6,879</b>	
<b>TOTAL CAPITAL 18/19</b>	<b>£1,540,200</b>	<b>£715,854</b>	<b>£694,265</b>	<b>£1,561,789</b>	<b>£244,700</b>	<b>£715,854</b>	<b>£0</b>	<b>£960,554</b>	<b>£164,752</b>	<b>£44,776</b>	<b>£751,025</b>	

CAPITAL BUDGET MONITORING 2018/19  
 SERVICE SUPPORT  
 TRANSPORT

Details of Scheme	Capital Plan 18/19				Approved Capital 18/19				Capital Expenditure 18/19		
	2018/19	2017/18	2018/19	2018/19	2018/19	2017/18	2018/19	2018/19	2018/19	2018/19	2018/19
	Capital Plan	Slippage	Slippage	Total	Approvals	Slippage	Virement	Total Approved Capital	Commitments Opex	Total Exp	Over/(Under) spend to Date
Aerial Appliances	£1,500,000	£0	£0	£1,500,000	£1,500,000	£0	£0	£1,500,000	£1,303,257	£0	£-196,743
Appliances	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>TOTAL CAPITAL PLAN 2018/19</b>	<b>£1,500,000</b>	<b>£0</b>	<b>£0</b>	<b>£1,500,000</b>	<b>£1,500,000</b>	<b>£0</b>	<b>£0</b>	<b>£1,500,000</b>	<b>£1,303,257</b>	<b>£0</b>	<b>£-196,743</b>
<b>SLIPPED SCHEMES</b>											
POD Refurbishments	£0	£0	£0	£0	£0	£40,000	£0	£40,000	£0	£93	£-39,908
Vehicle Replacement - Appliances	£0	£0	£0	£0	£0	£24,738	£0	£24,738	£0	£24,738	£-0
<b>TOTAL SLIPPED SCHEMES</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£64,738</b>	<b>£0</b>	<b>£64,738</b>	<b>£0</b>	<b>£24,830</b>	<b>£-39,908</b>
<b>Expenditure no approvals</b>											
Ladders 13-14	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Silent Witness	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Cold Cut Cobra	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Vehicle Telematics	£0	£0	£0	£0	£0	£0	£0	£0	£0	£-1,250	£-1,250
<b>TOTAL SLIPPED SCHEMES</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£-1,250</b>	<b>£-1,250</b>
<b>TOTAL CAPITAL 18/19</b>	<b>£1,500,000</b>	<b>£0</b>	<b>£0</b>	<b>£1,500,000</b>	<b>£1,500,000</b>	<b>£64,738</b>	<b>£0</b>	<b>£1,564,738</b>	<b>£1,303,257</b>	<b>£23,580</b>	<b>£-237,900</b>

CAPITAL BUDGET MONITORING  
 2018/19  
 SERVICE DELIVERY  
 FIRE SAFETY

Details of Scheme	Capital Plan 18/19				Approved Capital 18/19				Capital Expenditure 18/19		
	2018/19	2017/18	2018/19	2018/19	2018/19	2017/18	2018/19	2018/19	2018/19	2018/19	2018/19
	Capital Plan	Slippage	Slippage	Total	Approvals	Slippage	Virement	Total Approved Capital	Commitments Opex	Total Exp	Over/(Under) spend to Date
Home Fire Safety Checks	£500,000	£0	£0	£500,000	£500,000	£0	£0	£500,000	£18,000	£141,269	£-340,731
<b>TOTAL CAPITAL PLAN 2018/19</b>	<b>£500,000</b>	<b>£0</b>	<b>£0</b>	<b>£500,000</b>	<b>£500,000</b>	<b>£0</b>	<b>£0</b>	<b>£500,000</b>	<b>£18,000</b>	<b>£141,269</b>	<b>£-340,731</b>
<b>SLIPPED SCHEMES</b>											
Home Fire Safety Checks	£0	0	0	£0	£0	£0	£0	£0	£0	£0	£0
<b>TOTAL SLIPPAGE</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>TOTAL CAPITAL 18/19</b>	<b>£500,000</b>	<b>£0</b>	<b>£0</b>	<b>£500,000</b>	<b>£500,000</b>	<b>£0</b>	<b>£0</b>	<b>£500,000</b>	<b>£18,000</b>	<b>£141,269</b>	<b>£-340,731</b>

CAPITAL BUDGET MONITORING  
2018/19  
SERVICE DELIVERY  
OPERATIONS

Details of Scheme	Capital Plan 18/19				Approved Capital 18/19				Capital Expenditure 18/19		
	2018/19	2017/18	2018/19	2018/19	2018/19	2017/18	2018/19	2018/19	2018/19	2018/19	2018/19
	Capital Plan	Slippage	Slippage	Total	Approvals	Slippage	Virement	Total Approved Capital	Commitments Opex	Total Exp	Over/(Under) spend to Date
PPE - RTC jackets	£210,000	£0	£0	£210,000	0	£0	£0	£0	£0	£0	£0
Line Rescue	£12,000	£0	£0	£12,000	£12,000	£0	£0	£12,000	£0	£0	£-12,000
Lay Flat Hose	£50,000	£0	£0	£50,000	£50,000	£0	£0	£50,000	£5,833	£0	£-44,167
Gas Tight Suits	£14,000	£0	£0	£14,000	£14,000	£0	£0	£14,000	£0	£0	£-14,000
Water Rescue	£12,000	£0	£0	£12,000	£12,000	£0	£0	£12,000	£0	£111	£-11,889
Respiratory Protection Equipment	£50,000	£0	£0	£50,000	£50,000	£0	£0	£50,000	£5,819	£0	£-44,181
Hydraulic Rescue Tools	£1,250,000	£0	£0	£1,250,000	£1,250,000	£0	£-83,370	£1,166,630	£833,335	£0	£-333,295
Ballistic PPE Ensemble	£36,000	£0	£0	£36,000	£39,000	£0	£0	£39,000	£34,363	£418	£-4,220
Hydrants	£450,000	£0	£0	£450,000	£450,000	£0	£0	£450,000	£0	£109,435	£-340,565
Aerial Vehicle Drone	£0	£0	£0	£0	£0	£0	£23,370	£23,370	£0	£0	£-23,370
Method of Entry	£0	£0	£0	£0	£0	£0	£60,000	£60,000	£0	£0	£-60,000
PPE	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Fire Helmets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>TOTAL CAPITAL PLAN 2018/19</b>	<b>£2,084,000</b>	<b>£0</b>	<b>£0</b>	<b>£2,084,000</b>	<b>£1,877,000</b>	<b>£0</b>	<b>£0</b>	<b>£1,877,000</b>	<b>£879,349</b>	<b>£109,964</b>	<b>£-887,687</b>
<b>SLIPPED SCHEMES</b>											
ULPP - Ultra Lightweight Portable Pumps	£0	£45,000	£0	£45,000	£0	£45,000	£0	£45,000	£0	£0	£-45,000
PPE	£0	£34,476	£0	£34,476	£0	£34,476	£0	£34,476	£8,078	£-244	£-26,642
Gas Tight Suits	£0	£14,000	£0	£14,000	£0	£14,000	£0	£14,000	£8,556	£0	£-5,444
Gas Detectors	£0	£25,000	£0	£25,000	£0	£25,000	£0	£25,000	£0	£0	£-25,000
New Control Project Contingency	£0	£338,000	£0	£338,000	£0	£338,000	£0	£338,000	£2,710	£0	£-335,290
New Control Project (Premises costs)	£0	£54,000	£0	£54,000	£0	£54,000	£0	£54,000	£0	£0	£-54,000
<b>TOTAL SLIPPAGE</b>	<b>£0</b>	<b>£510,476</b>	<b>£0</b>	<b>£510,476</b>	<b>£0</b>	<b>£510,476</b>	<b>£0</b>	<b>£510,476</b>	<b>£19,344</b>	<b>£-244</b>	<b>£-491,376</b>
<b>Expenditure no approvals</b>											
Water Rescue	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Flood Response Vehicles	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>TOTAL SCHEMES - NO APPROVAL</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>TOTAL CAPITAL 18/19</b>	<b>£2,084,000</b>	<b>£510,476</b>	<b>£0</b>	<b>£2,594,476</b>	<b>£1,877,000</b>	<b>£510,476</b>	<b>£0</b>	<b>£2,387,476</b>	<b>£898,693</b>	<b>£109,721</b>	<b>£-1,379,063</b>

CAPITAL BUDGET  
MONITORING 2018/19  
FINANCE

Details of Scheme	Capital Plan 18/19				Approved Capital 18/19				Capital Expenditure 18/19		
	2018/19	2017/18	2018/19	2018/19	2018/19	2017/18	2018/19	2018/19	2018/19	2018/19	2018/19
	Capital Plan	Slippage	Slippage	Total	Approvals	Slippage	Virement	Total Approved Capital	Commitments Opex	Total Exp	Over/(Under) spend to Date
	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>TOTAL CAPITAL PLAN 2018/19</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>SLIPPED SCHEMES</b>											
Photocopiers	£0	£26,530	£0	£26,530	£0	£26,530	£0	£26,530	£13,505	£0	£-13,025
<b>TOTAL SLIPPAGE</b>	<b>£0</b>	<b>£26,530</b>	<b>£0</b>	<b>£26,530</b>	<b>£0</b>	<b>£26,530</b>	<b>£0</b>	<b>£26,530</b>	<b>£13,505</b>	<b>£0</b>	<b>£-13,025</b>
<b>TOTAL CAPITAL 18/19</b>	<b>£0</b>	<b>£26,530</b>	<b>£0</b>	<b>£26,530</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£26,530</b>	<b>£13,505</b>	<b>£0</b>	<b>£-13,025</b>



<u>Investment</u>	<u>Terms</u>	<u>Current Investment</u> £	<u>Counter Party Total</u>	<u>Counter Party Limit</u>	<u>Current Interest Rate</u> %
<b><u>Deposit Accounts</u></b>					
Santander 180 Day	Notice given cash available on 17 December 2018	£6,000,000.00	£6,000,000.00	£6,000,000.00	1.00
Lloyds 32 day	Notice given cash available on 15/10/2018	£6,000,000.00	£6,000,000.00	£6,000,000.00	0.75
Handelsbanken	Instant Access	£698.45			0.64
Handelsbanken 35 Day	Notice still to be given then investment returned after 35 days.	£5,646.48	£6,344.93	£6,000,000.00	0.77
<b><u>Money Market Funds</u></b>					
<b><u>Terms</u></b>					
Aviva Liquidity Fund	Instant Access	£3,492,346.93	£3,492,346.93	£6,000,000.00	0.65
Goldman Sachs	Instant Access	£1,608,623.95	£1,608,623.95	£6,000,000.00	0.63
Aberdeen Standard	Instant Access	£5,140,057.90	£5,140,057.90	£6,000,000.00	0.66
<b><u>Short Fixed Investments</u></b>					
<b><u>Terms</u></b>					
Nottingham Building Society	2 months investment from 10/08/2018 to 09/10/2018	£6,000,000.00	£6,000,000.00	£6,000,000.00	0.67
Coventry Building Society	3 months investment from 10/08/2018 to 12/11/2018	£6,000,000.00	£6,000,000.00	£6,000,000.00	0.70
Yorkshire Building Society	1 month investment from 10/09/2018 to 11/10/2018	£6,000,000.00	£6,000,000.00	£6,000,000.00	0.69
DMO	28 day investment from 20/09/2018 to 19/10/2018	£588,620.80	£588,620.80	Unlimited	0.51
<b>Investments at 20 September 2018</b>		<b>£40,835,994.51</b>			



OFFICIAL

# Reserves Strategy

## Finance & Resources Committee

Date: 12 October 2018

Agenda Item:

8

Submitted By: Chief Finance and Procurement Officer

### Purpose

To seek endorsement of the Authority's Reserve Strategy 2018/19 to 2022/23 and attain approval of the transfer of £9.388m of reserves from the General Fund to Earmarked Reserves

### Recommendations

That Members approve,  
a) the strategy and transfer of reserves between General Fund and earmarked reserves; and  
b) the publication of the approved Reserves Strategy 2018 / 19 to 2022 / 23

### Summary

The level of usable reserves of stand-alone fire and rescue services is of particular interest at a national level and it is recognised that there is a need for greater transparency around reserves. The updated National Framework makes reference that the general fund balance of fire and rescue services should be around 5% of the total revenue budget. The general fund reserve is used to meet in the short/medium term any unforeseeable expenditure that has no provision in the revenue budget. There has been no review of the size of the general fund reserve for a number of years and it currently represents 17.6% of the revenue budget. Management Board has reviewed the level of reserves and the Chief Finance and Procurement Officer recommends that £9.388m be transferred from general fund to three new earmarked reserves.

Local Government (Access to information) Act 1972

Exemption Category: None

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Background papers open to inspection: CIPFA LAAP Bulletin 99

Annexes: Reserves Strategy 2018 / 9 – 2022 / 23

## 1 Introduction

- 1.1 It is a requirement that local authorities publish their reserves strategy either as a separate document on their website or include it a part of the budget setting process. The reserves strategy was presented as an annex to the budget report which was approved by members on the 16<sup>th</sup> February 2018. In order to improve transparency and provide more detail to the community of West Yorkshire it is proposed that a separate strategy is published and uploaded to the Authority's web site. This strategy will be reviewed annually and reported to the Full Authority as part of the budget setting process in February.
- 1.2 The National Framework which came into effect from May 2018 requires that a Reserves Strategy should explain how the level of general reserves has been set and should include a justification for holding a general reserve larger than 5% of the budget. The Reserves Strategy is attached as an appendix to this report.

## 2 Information

- 2.1 At a national level there has been considerable debate about the level of general reserves that are being held by local authorities. Whilst there is no specified minimum general reserve level, a broad rule of thumb adopted by most Chief Finance Officers in Local Government has been that an appropriate and prudent level is one that is equivalent to 5% of the budget.
- 2.2 There is debate both at the Home Office and at the National Fire Chief Council (NFCC) about the current level of Fire Authority reserves. The NFCC in February 2018 analysed the level of usable reserves at stand-alone fire and rescue services and found that the level of reserves has increased by 146% since 2010 to a total of £624m by March 2017. A more detailed piece of work was commissioned by the NFCC in July 2018 which will form the basis for an England and Wales fire and rescue service position statement on reserves for use in discussion with the Home Office.
- 2.3 The Fire Authority approved the use of £5.2m of reserves to support the recruitment of fire fighters in 2018 and 2019 and other service developments. In accordance with the Local Government Finance Act 1992, the Chief Finance and Procurement Officer has recommended a balanced budget by April 2020. It is important to note that reserves can only be used once and cannot be used to support on-going financial expenditure.
- 2.4 The current level of reserves at the 1 April 2018 were £14.4m of general fund balances and £21m in earmarked reserves, a total usable reserve balance of £35.5m. The general fund balance represents 17.6% of the revenue budget which is in excess of the 5% recommended in the National Framework and other guidance.
- 2.5 It is worth reminding members that although the Authority has £35m of usable reserves on the face of the balance sheet these are only backed by £15m in cash resources at the 1<sup>st</sup> April. If the Authority were to spend its reserves over and above the cash balance we would have to borrow either on a short or long term basis, thus adding pressure to the revenue budget in the form of interest payments. The current policy of utilising our own cash rather than taking out new loans has saved the Authority over £2.5m over the past 6 years.
- 2.6 In determining the appropriate level of reserves required by the authority, the Chief Finance and Procurement Officer is required to form a professional judgement on this, taking into account the strategic, operational and financial risk facing the authority. This is completed based on guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and includes an assessment of the financial assumptions underpinning the budget over the medium to long term. This includes issues such as uncertainty surrounding future funding settlements, pay awards, changes to pension schemes rates, volatility of the retirement profile.

- 2.7 The level and purpose of the general fund reserves has not been reviewed for a number of years and due to the increasing interest in the level of reserves, now would seem the pertinent time to review the levels of general fund and earmarked reserves.
- 2.8 An review has been undertaken by the Management Board to look at the financial risks that the Authority is facing over the next four years. In order to recognise these risks, the Chief Finance and Procurement Officer has recommended that reserves are thus moved from the General Fund to specified new earmarked reserves.

The general fund balance has been set at the minimum level of £5 million which was approved in February 2018, this equates to 6% of the revenue budget of £81.912m. The minimum level of £5m represents the level of risk at per the Authority's risk register.

The table below shows the movements recommended between general fund and earmarked reserves.

Reserve	1/4/18	Revised 1/4/18
General Fund	£14,388,000	£5,000,000
Earmarked Reserves	£21,355,000	£30,743,000
<b>TOTAL</b>	<b>£35,743,000</b>	<b>£35,743,000</b>

The table above shows that £9,388,000 has been transferred from the general fund to the following new earmarked reserves:

- Major Projects Reserve £7,000,000  
This reserve will fund any new major projects that are not included within the four-year capital plan. This will include the refurbishment of the FSHQ site and the rebuild of fire stations. It is often more efficient to rebuild than refurbish existing buildings that are not fit for purpose but before a decision is made to rebuild, a full cost appraisal will be undertaken.
- Medium Term Funding Impact Reserve £2,000,000  
There is uncertainty around future grant funding due to the Fair Funding Review and the Comprehensive Spending Review both are due in Autumn 2019. This reserve will in the short term mitigate the impact of a funding cut being higher than that forecast. Efficiencies can take a number of years to realise and this reserve will enable the Authority to manage the potential funding short fall.
- Operational Equipment Reserve £388,000  
Due to new technology and health and safety requirements there is often a need to replace operational equipment sooner than the date in the capital plan. This reserve will be used to fund such purchases without having to forego other schemes already in the plan. It is worth noting that the cost of the capital plan in is already set and included in the Medium Term Financial Plan.

- 2.9 All usable reserves will be assessed as part of the annual budget process and also during the closure of the authority's accounts. The proposal has been discussed with Deloitte, our new external auditors and they fully endorse the strategy.

### **3 Financial Implications**

- 3.1 The management of usable reserves is important for sound financial management and the production of a sustainable Medium Term Financial Plan. The earmarking of reserves for specified future projects and potential liabilities means that funding has been set aside and cannot be used for other purposes. This facilitates improved planning and transparency.

### **4 Legal Implications**

- 4.1 The Chief Legal & Governance Officer has considered this report and has no observations to make at the time of submission of this report but may provide legal advice at the committee meeting and/or respond to any requests by members for legal advice made at the meeting.

### **5 Human Resource and Diversity Implications**

- 5.1 None associated with this report

### **6 Health and Safety Implications**

- 6.1 None associated with this report

### **7 Service Plan Links**

- 7.1 To provide best value

### **8 Conclusions**

- 8.1 There has been no review of the size of the General Fund balance for a number of years. The General Fund balance at the 1 April 2018 was £14.3m which is in excess of that recommended in the National Framework. In order to recognise future financial risks three new earmarked reserves have been established, meaning that £9.3m has been transferred from the General Fund reserve. These movements have not affected the overall level of usable reserves available to the authority .

# **WEST YORKSHIRE FIRE AND RESCUE SERVICE**

## **RESERVES STRATEGY 2018/19 TO 2022/23**

## What are Reserves

Reserves are an essential part of good financial management in that they help the fire authority manage with unpredictable financial pressures and plan for future spending commitments. The level, purpose and planned use of reserves are important factors in developing the Medium Term Financial Plan and setting the annual budget. In setting the budget the fire authority decides what it will spend and how much income it needs from council tax to supplement government funding. The fire authority may choose to fund some of its spending from its reserves and balances in the short term until long term savings initiatives are realised.

Having the right level of reserves is important. If reserves are very low, there may be little resilience to financial shocks and sustained financial challenges.

The requirement for a local authority to maintain financial reserves is acknowledged in legislation and thus preventing the authority to over committing financially. These are

- The requirement to set a balanced budget as set out within the Local Government Finance Act 1992
- The requirement of the authority to make arrangements for the proper administration of their financial affairs and the appointment of a Chief Finance Officer (section 151 officer) to take responsibility for the administration of those affairs.
- In accordance with the Local Government Finance Act 1988 (Section 114), the Chief Finance Officer must report if there is or is likely to be unlawful expenditure or an unbalanced budget.
- The Local Government Act 2003, places a duty on the Chief Finance Officer to give positive assurance as part of the budget setting process of the adequacy of balances.
- The Local Government Finance Act 1992 requires fire authorities as a precept authority to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- The external auditors' responsibility to review and report on the authority's financial standing as per the annual external audit report.

The Chartered Institute of Public Finance and Accountancy (CIPFA) published LAAP Bulletin 99 in July 2014 which provides guidance on the management of reserves which has been adopted by the authority.

## National Framework

The National Framework which was published in May 2018 includes a section on reserves, the main components of which are:

- General reserves should be held by the fire and rescue authority and managed to balance funding and spending priorities and to manage risks. These should be established as part of the medium term financial planning process.
- Each fire and rescue authority should publish their reserves strategy on their website. The strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve that is held for each year. The reserves strategy should provide information for at least two years ahead.
- Sufficient information should be provided to enable understanding of the purpose for which each reserve is held and how holding each reserve supports the fire and rescue authority's medium term financial plan.

- Information should be set out in a way that is clear and understandable for members of the public and should include:
  - o How the level of general reserve has been set.
  - o Justification for holding a general reserve larger than five percent of budget
  - o Whether the funds in each earmarked reserve are legally or contractually committed, and if so, what amount is committed and,
  - o A summary of what activities or items will be funded by each earmarked reserve and how these support the fire and rescue authority's strategy to deliver good quality services to the public.

### **Determining the Level of Reserves**

In accordance with the authority's financial regulations, the authority holds reserves which fall into two distinct categories

- General Reserves – these are necessary to fund any day to day cash flow requirements and also to provide a contingency in the event of any unexpected events or emergencies; and
- Earmarked Reserves – these have been created for specific purposes and involve funds being set aside to meet known or predicted future liabilities. By establishing such reserves, it will smooth the expenditure profile and avoid liabilities being met from Council Tax in the year that payments are made.

There is not a recognised formula for determining the level of reserves that each fire authority should maintain. It is up to each authority to consider the local circumstances and the potential issues/risks that may occur across the medium term. In determining the level of reserves for the Authority the risks and issues that should be taken into account will include the following:

- The possibility of savings not being delivered; as austerity levels of funding continue, the need for annual reductions in spending is expected to increase in magnitude. This is likely to mean the identification of savings proposals carry a potentially greater risk of not being delivered.
- To provide cover for extraordinary or unforeseen events occurring: given the purpose of the fire and rescue service is to respond to emergency situations, there is always the potential for additional, unexpected and unbudgeted expenditure to occur.
- The commitments falling on future years as a result of capital plans and proposals to improve the asset base. Having reserves mitigate the impact on the revenue budget of borrowing and/or revenue contributions to capital and would support projects/programmes that will support revenue efficiencies.
- The risk on inflation, especially pay. With inflation currently at about 3% there is likely to be continued pressure on pay inflation which is in excess of the 2% provided for in the Medium Term Financial Plan.



### Current Reserves Position 1 April 2018

Although the Authority has on the face of the Balance Sheet £35.7 million in usable reserves, the actual cash readily available at the 31 March 2018 is £15.1 million. The level of cash fluctuates during the year due to the timing of Government grants, notably the top up grant which we received £34 million in July 2018. If the Authority wanted to utilise reserves which exceeds our working cash flow balance, we would need to borrow. Because the rate of interest for investments is at such a low level, it is good financial management that we use our cash flow to fund expenditure rather than borrow.

The current balance of reserves is summarised in the table below:

Type of Reserve	Balance at 1/4/18	Estimated Balance at 31/3/21
General Fund	£5,000,000	£5,000,000
Earmarked Reserves	£30,743,000	£12,785,000
<b>TOTAL</b>	<b>£35,743,000</b>	<b>£17,785,000</b>

The general fund reserve is not specified for a determined use: it is maintained for cash flow purposes. It is Authority policy that the minimum level of general fund balances is £5million, this level is approved when the budget is set in February. The minimum level of balances is calculated based on the Authority's risk register.

Earmarked reserves are funds that are set aside to meet costs for specific purposes in future financial years. These reserves allow the Authority to adopt a more flexible approach to budget management and meet cost pressures in future years. Some reserves are a result of the receipt of a Government grant that has been given for a specific purpose, others are from the transfer of revenue budgets to reserves for future costs.

Detailed below are the Authority's reserves, an explanation of their purpose and forecast balance at the 31/3/2021.

#### Reserves as a result of Grants

Description	Balance 1/4/18	Estimated Balance 31/3/21	Purpose and Origin of the Reserve
Council Tax Reform	£27,000	£27,000	This was a one off grant received in 2012/13 from Central Government to assist with the costs associated with the reform of business rates. To date, no expenditure has been charged to this reserve.
Body Bag Decontamination	£40,000	£40,000	This grant was received in 2012/13 and 2013/14 from Central Government.
Control Room	£563,000	£0	This is the remainder of grant for the New Control Project which West Yorkshire manage on behalf

			of both West and South Yorkshire. This reserve will be fully used once the final payment to Systel has been paid.
Enhanced Logistics	£202,000	£100,000	This was a grant initially received in 2011/12 for the provision of the purchase of the new command unit. This is now complete and a replacement of the vehicle will be charged to this reserve if required in the future.
Transparency	£31,000	£31,000	This was a central government grant to enable organisations to meet the requirements of data transparency. To date, no expenditure has been charged to this reserve.
<b>TOTAL</b>	<b>£863,000</b>	<b>£198,000</b>	

### **Reserves as a result from Revenue Allocations**

Description	Balance 1/4/18	Estimated Balance 31/3/21	Purpose and Origin of the Reserve
Leap Year Fund	£121,000	£40,000	This reserve is used to ease the burden of an additional days pay in a leap year. An amount is transferred from the revenue budget each financial year and spent in full each leap year.
Emergency Services Mobile Communications Programme (ESMCP)	£258,000	£0	This reserve has been established to recognise the risk that Government funding for ESMCP may cease after 2020. This reserve will fund those contracts for which the Authority will be contractually committed to after this date.
Insurance Claims	£406,000	£300,000	This reserve was established in 2013/14 following the receipt of an insurance claim relating to the stores fire, an additional £158k was put aside in 2014/15 and £77k in 2017/18. This reserve will be used for any uninsured losses the authority may face in future years e.g. mesothelioma.
Service Support Reserve	£546,000	£149,000	This reserve was established in 2013/14 with the purpose to fund any expenditure that is not included in the MTFP but will generate savings in the longer term. £252k was paid from this reserve in 2017/18 to cover the redundancy costs following the ICT review.
Pension Equalisation Reserve	£2,961,000	£2,000,000	This reserve is used to ease the potential cost of increased ill health retirements which have to be met from revenue. Any underspend on the ill health revenue budget is transferred to this reserve at the end of the financial year. Currently this budget is £2.4million and annual spend is in the region of £1.6million. The amount

			transferred in 2017/18 was £795k.
Reserve for Pay and Prices	£4,627,000	£2,797,000	Any underspending on the revenue contingency budget is transferred to this reserve at the end of the financial year. The amount transferred in 2017/18 was £2,264k which partly was due to the outstanding pay award to fire fighters. In the short term this reserve will be used to fund pay awards that are higher than estimated in the MTFP.
Capital Finance Reserve	£10,472,000	£6,000,000	This reserve was created in January 2017 with the purpose to ease the cost of financing the capital plan in future years. Any underspending on capital financing charges are transferred to this reserve.
Major Projects Reserve	£7,000,000	£0	This reserve has been established to fund the replacement and upgrade of building stock that has not been included in the approved four year capital plan.
Medium Term Funding Impact Reserve	£2,000,000	£0	This reserve has been established to mitigate any funding shortfalls as a consequence of the Fair Funding Review and the Comprehensive Spending Review due in 2020 which have not been included within the Medium Term Financial Plan
Operational Equipment Reserve	£388,000	£200,000	This reserve is for the funding of replacement operational equipment that is excluded from the capital plan. New technology and health and safety requirements may necessitate the replacement of this equipment.
<b>TOTAL</b>	<b>£28,779,000</b>	<b>£11,486,000</b>	

#### Reserves as a result of government grants and transfers from revenue

Description	Balance 1/4/18	Estimated Balance 31/3/21	Purpose and Origin of the Reserve
Business Rate Appeals	£1,101,000	£1,101,000	This reserve is used to manage the volatility on the revenue budget from business rate appeals. A grant is received from government each year to ease the potential cost which is based in the NNDR1 returns from the 5 district council. The balance of grant transferred to this reserve was £238k in 2017/18.
<b>TOTAL</b>	<b>£1,101,000</b>	<b>£1,101,000</b>	

#### Review of Reserves

The Authority's reserves will be reviewed as part of the following processes:

- The reserves will form part of the budget setting process and the level and use of reserves will be considered when setting the annual budget and Medium Term Financial Plan. This will include the approval at Full Authority Committee.
- Reserves are reviewed and externally audited during the closure of the Authority's accounts and are included in the Statement of Accounts. There is a statutory requirement to detail the movement between reserves during the year and show the opening and closing position in the Movement in Reserves Statement and the Expenditure and Funding Analysis. The Statement of Accounts is approved at the Authority's audit committee.
- The minimum level of General Fund Reserves will be assessed during the year by the financial appraisal of risks on the Authority's risk register. The Risk Management Strategy Group which meets quarterly whose aim is to manage the register and identify and assess risks. This group is chaired by the Deputy Chief Fire Officer and is attended by internal audit, a representative from insurance, a member champion and those responsible for the key risks within the organisation.



OFFICIAL

# Operation Florian

## Finance & Resources Committee

Date: 12 October 2018

Agenda Item:

9

Submitted By: Director of Service Support

### Purpose

Request approval for West Yorkshire Fire and Rescue Service (WYFRS) to engage with the charity work conducted by Fire Aid (Operation Florian) within the parameters outlined in this report.

### Recommendations

The Committee considers the proposal to delegate authority to the Chief Fire Officer and Chief Executive (CFO/CEO) to deploy personnel and donate end of life equipment with no residual value to overseas countries within the parameters outlined in this report.

### Summary

Operation Florian is a UK registered charity that works with developing and post-conflict countries to build the capacity and capabilities of their fire and rescue services. A number of WYFRS staff currently work with this Charity. This report provides information on the Charity, the work it carries out and proposes that WYFRS engage with the Charity, subject to the parameters as detailed within the report.

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Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Nick Smith, Area Manager Ops Response  
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Background papers open to inspection: None

Annexes: None

## 1 Introduction

- 1.1 This report provides the Committee with an overview of the work carried out by the charities Operation Florian and Fire Aid.
- 1.2 Tragically, fire and rescue related accidents and emergencies remain a significant problem in developing countries leading to a high incidence of injury and death. The UK FRS is internationally renowned for its professionalism, safety and effectiveness in addressing this in our own country.
- 1.3 Operation Florian is a UK registered fire and rescue humanitarian aid charity that works with firefighters and vulnerable communities in developing and post-conflict countries. Its goal is to reduce the risk of fire and rescue related injuries and deaths by building the capacity and capabilities of the fire and rescue services in these countries.
- 1.4 Since 2012, Operation Florian has been a founder member of Fire Aid, an association of UK charities and services with a mutual interest in providing ethical and sustainable donations of equipment, training, support and advice to those in need. Fire Aid is chaired by Jim Fitzpatrick MP and is managed by a steering committee of its founding members. Among other areas of work, Fire Aid provides guidance for donation projects, manages an equipment database, and provides a forum for discussion on issues relevant to its members.
- 1.5 WYFRS employ firefighters and officers that are willing to engage with this work and share their expertise and time to improve the safety of the communities and firefighters in these countries.

## 2 Information

- 2.1 To date, a small number of volunteers within the service are engaged with the charity and ACO Bitcon, Director of Service Support, is a member. Most recently, a small group of our staff worked with the charity to train and develop firefighters in Montenegro. Feedback from their visit has been extremely positive and has generated further interest from our staff to volunteer in projects. The work they undertook was demanding but extremely rewarding. It is safe to say that alongside the obvious benefits the charity provides to the recipients, it also develops our staff and therefore will arguably benefit our organisation. Ultimately, the experience and skills they gain from working with the charity provides a wider benefit to the communities of West Yorkshire.
- 2.2 In support of these developing countries and our staff that work with Operation Florian, it is proposed that WYFRS engage with the Charity subject to the following parameters.

### Parameters:

- There will be no residual value in the equipment and appliances that are donated.
- All overseas activity and donations will need approval by the Management Board.
- A committee will be established within the service to manage the activity of the charity. This will consist of volunteers and will be conducted outside of working hours.
- All activity with the charity would be subject to internal audit.
- The Service will volunteer a maximum of 20 days in any one financial year
- Those who volunteer to carry out the charity work will be expected to match the time provided by the Service with their annual leave allocation.
- Whilst carrying out their duties abroad with the charity the volunteers will be classed as on duty. Any time spent working for the charity in this country before their visit will be carried out off-duty and unpaid.
- Volunteers will only be permitted to travel if they have adequate personnel insurance to cover their time away.
- Volunteers will not be permitted to travel alone.
- The Governments travel advice service must be consulted by the organising committee before travel is permitted.
- Any work carried out by volunteers will be subject to a risk assessment and where possible this should be shared with the organising committee before and during the visit.

- Wherever possible equipment and appliance should be supplied with all relevant technical bulletins, training material and service records.

2.3 The Committee are also requested to delegate responsibility for the approval of activity within these parameters to the CFO/CEO due to the often short notice nature of any deployments and provisions.

### **3 Financial Implications**

3.1 Donations of equipment and appliances will have no residual value. There may be limited financial savings for the Authority in some cases as certain items of equipment cost the service to decommission them.

3.2 There is a limited revenue cost associated with this proposal to contribute a maximum of 20 days in any one year. All administration of the charity will be carried out in the volunteers own time.

### **4 Legal Implications**

4.1 Section 137 Local Government Act 1972 provides a limited / capped financial power to Principal Councils to incur expenditure / make donations to charitable bodies in the furtherance of their work in the United Kingdom but not outside the UK. This power does not apply to this Authority. Therefore any disposal (including transfer costs) of surplus / redundant resources to aid overseas bodies should be at no cost and limited to items with no or minimal value taking into account any disposal costs.

4.2 The Overseas Assistance Act 1993 provides that a Local Authority including this Authority may provide advice and assistance in respect of any matter in which they have skills and experience to a body engaged outside the UK in the carrying out of the activities of local government. This power is subject to any guidance which may be issued by the Secretary of State.

4.3 The Local Authorities (Charges for Overseas Assistance and Public Paths Order) Regulations 1996 provide a power for the Authority to impose a charge for providing advice or assistance. Charging is not a mandatory requirement but when Parliament debated this Regulation prior to approving it the indications were that there was an expectation charges might be made in appropriate circumstances. Clearly the operating assumption of the Fire Aid (Operation Florian) proposal is that charges are not made.

4.4 In the exercise of its discretion as to whether to authorise the provision of overseas advice and assistance (this proposal involves a non-emergency response scenario) and whether it is appropriate to impose charges the Authority should have regard to the purpose and benefits of the provision of such advice and assistance to the overseas beneficiary and the cost and benefits to the taxpayers / community within West Yorkshire and the impact upon the best value economic and efficient delivery of services within West Yorkshire including whether it wishes to impose an overall resource and/or financial cap on the provision of any such aid. If the Authority authorises overseas deployment of employees on the basis that they are classified as being on duty the risk / benefits assessment needs to factor in any potential increase in financial / insurance liability from such deployment.”

### **5 Human Resource and Diversity Implications**

**5.1 If approved, consideration will be given to the establishment of an employer supported volunteering scheme within WYFRS. A further report will be provided to the Committee for approval is such a scheme is believed to be beneficial.**

## **6 Health and Safety Implications**

- 6.1 Equipment and appliances will be serviceable at the point they are donated.
- 6.2 Employees will not be permitted to volunteer alone or travel to countries that pose a threat to their safety. Activities carried out whilst volunteering would be subject to a workplace risk assessment.

## **7 Service Plan Links**

- 7.1 This scheme links to the Service Plan:
- Provide effective and ethical governance and achieve value for money

## **8 Conclusions**

- 8.1. The UK FRS has a strong history of improving safety and saving lives within communities at risk from fire and rescue related incidents. Fire Aid and Operation Florian are UK registered charities that share this experience and develop the capability and capacity of the fire and rescue services in developing countries to achieve the very same success that we have had in the UK. A number of our staff already work with the charity to share their knowledge and experience in these countries.
- 8.2 This report requests that the Committee approves WYFRS' engagement with the Charity and delegates this responsibility to the CFO/CEO. It outlines a series of parameters to this activity to ensure the Authority complies with its own duties to the communities of West Yorkshire whilst supporting those vulnerable communities in developing countries.