

NOTICE OF MEETING

<i>Meeting</i>	Hampshire Fire and Rescue Authority	<i>Clerk to the Hampshire Fire and Rescue Authority</i> John Coughlan CBE
<i>Date and Time</i>	Wednesday, 17th July, 2019 10.00 am	<i>The Castle, Winchester Hampshire SO23 8UJ</i>
<i>Place</i>	Room X - HFRS HQ, Eastleigh	
<i>Enquiries to</i>	<u>members.services@hants.gov.uk</u>	

The Openness of Local Government Bodies Regulations are in force, giving a legal right to members of the public to record (film, photograph and audio-record) and report on proceedings at meetings of the Authority, and its committees and/or its sub-committees. The Authority has a protocol on filming, photographing and audio-recording, and reporting at public meetings of the Authority which is available on our website. At the start of the meeting the Chairman will make an announcement that the meeting may be recorded and reported. Anyone who remains at the meeting after the Chairman's announcement will be deemed to have consented to the broadcast of their image and anything they say.

Agenda

Hampshire Fire and Rescue Authority meeting recordings can be found on the HFRS YouTube channel:

<https://www.youtube.com/user/HampshireFireService>

1 APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2 DECLARATIONS OF INTEREST

To enable Members to disclose to the meeting any disclosable pecuniary interest they may have in any matter on the agenda for the meeting, where that interest is not already entered in the Authority's register of interests, and any other pecuniary or non-pecuniary interests in any such matter that Members may wish to disclose.

3 MINUTES OF PREVIOUS MEETING (Pages 5 - 14)

To confirm the minutes of the previous meeting

4 DEPUTATIONS

Pursuant to Standing Order 19, to receive any deputations to this meeting

5 **CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements the Chairman may wish to make.

6 **MEMBER DEVELOPMENTS AND COMMENTS**

To receive any updates from Members of the Authority

7 **OUTTURN REPORT 2018/19** (Pages 15 - 40)

To consider a report from the Chief Financial Officer, which asks Members of the Authority to review the figures as laid out in the Appendices and recommends that the outturn report, including reserves and capital financing is approved, along with the annual treasury outturn for 2018/19.

8 **FRONTLINE CAPABILITY REVIEW** (Pages 41 - 50)

To consider a report from the Chief Fire Officer, which asks Hampshire Fire and Rescue Authority to consider a new disposition of appliances proposal.

9 **OCADO FIRE CONTRIBUTORY FACTORS** (Pages 51 - 58)

To consider a report from the Chief Fire Officer, which provides details of significant factors regarding the Ocado Customer Fulfilment Centre (CFC) fire and in doing so, assurance to Fire Authority Members of the extant Hampshire Fire and Rescue Authority (HFRA) sprinkler position statement of 2012.

10 **MINUTES OF THE EXTRAORDINARY STANDARDS & GOVERNANCE COMMITTEE MEETING - 11 JUNE 2019** (Pages 59 - 62)

To receive the minutes from the Extraordinary S&G meeting, which took place on 11 June 2019.

11 **EXCLUSION OF PRESS AND PUBLIC**

To resolve that the public be excluded from the meeting during the following items of business, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the reports.

12 **PROPERTY MATTERS** (Pages 63 - 68)

To consider an exempt report from the Chief Fire Officer regarding property matters.

13 **STATION INVESTMENT PROGRAMME - COSHAM** (Pages 69 - 74)

To consider an exempt report from the Chief Fire Officer regarding the station investment programme.

ABOUT THIS AGENDA:

This agenda is available on the Hampshire Fire and Rescue Service website (www.hantsfire.gov.uk) and can be provided, on request, in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact members.services@hants.gov.uk for assistance.

This page is intentionally left blank

Agenda Item 3

AT A MEETING of the Hampshire Fire and Rescue Authority held at SHQ,
Eastleigh on Wednesday, 5th June, 2019

Chairman:

* Councillor Christopher Carter

- | | |
|-------------------------------|--------------------------------|
| * Councillor Liz Fairhurst | * Councillor Sharon Mintoff |
| * Councillor Roz Chadd | * Councillor Roger Price |
| Councillor Jason Fazackarley | * Councillor David Simpson |
| * Councillor Jonathan Glen | Councillor Rhydian Vaughan MBE |
| * Councillor Geoffrey Hockley | |

*Present

Also present: Councillor Tig Outlaw, Isle of Wight Council and
Keith Carruthers, Service Liaison Lead for HMICFRS

181. ELECTION OF CHAIRMAN

Councillor Chris Carter was proposed by Councillor Fairhurst and seconded by Cllr Chadd for the position of Chairman of the Fire Authority for 2019-20. In the absence of further nominations, Councillor Carter was duly appointed.

182. ELECTION OF VICE CHAIRMAN

Councillor Roz Chadd was proposed by Councillor Carter and seconded by Councillor Fairhurst for the position of Vice Chairman of the Fire Authority for 2019-20. In the absence of further nominations, Councillor Chadd was duly appointed.

183. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Rhydian Vaughan, Councillor Jason Fazackarley and Michael Lane, PCC.

184. DECLARATIONS OF INTEREST

Members were mindful of their duty to disclose at the meeting any disclosable pecuniary interest they had in any matter on the agenda for the meeting, where that interest was not already entered in the Authority's register of interests, and their ability to disclose any other personal interests in any such matter that they might have wished to disclose.

185. MINUTES OF PREVIOUS MEETING

It was noted that a template issue had reinstated the incorrect details regarding the meeting location at the top of the minutes and this was being investigated. The minutes of the last meeting were then reviewed and agreed.

186. **DEPUTATIONS**

There were no deputations for the meeting.

187. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed Cllr Tig Outlaw from the Isle of Wight Council to the meeting.

Andy Bowers, the Deputy Chief Fire Officer, was thanked on behalf of the Fire & Rescue Authority for over 30 years of service. It was noted that during Andy's time he had dealt with large incidents, devised new strategies and been key in driving up national standards in command and decision making. Officers and Members wished Andy all the best for the future.

The Chairman also welcomed Steve Apter to the Service as the new Deputy Chief Fire Officer whose credentials and experience will be an asset to his colleagues and the people of Hampshire.

Members were updated on progress regarding the Combined Fire Authority (CFA). The submission had been lodged with the office of the Home Secretary on 30 May 2019, which was a significant step and the result of a number of years of increasingly close ties and collaboration between the Isle of Wight Council and the Hampshire Fire and Rescue Authority. Members would be kept updated on any further progress.

The Chairman spoke of a recent fire at Canberra Towers in Southampton, which had been contained to one flat due to sprinklers helping keep the fire under control until the Fire Service arrived. The case was being used as a national example to press for a change in legislation requiring sprinklers to be fitted retrospectively in all large dwellings like Canberra Towers. Councillor Sharon Mintoff confirmed that the fire was contained to the kitchen of the flat and sprinklers were being fitted retrospectively to Southampton City Council blocks.

188. **MEMBER DEVELOPMENTS AND COMMENTS**

Members agreed that a more appropriate title for this item would be discussed at a future APAG meeting.

Councillor Roger Price had attended the Fire Commission and updated Members on 'Reform Programme' and 'Spending Review' presentations by Luke Edwards, Director of Fire and Resilience at the Home Office. This included the three pillars that had been identified as part of the Reform agenda: Efficiency & Collaboration, Accountability & Transparency and Workforce Reform. There had also been a presentation from Rod MacLean, Head of the Fire Safety Unit discussing the Hackett review and a forthcoming building safety consultation paper. There were anticipated to be changes as part of building regulations but it was unclear what these would entail at this stage.

There was discussion on Blue Light Collaboration as part of the Efficiency & Collaboration pillar in the Reform Programme. The Chief Fire Officer confirmed that anything that needed discussion on a more informal basis would be brought to Members' attention at APAG meetings and the Authority would continue to work closely with the Local Government Association (LGA).

Councillor Sharon Mintoff had attended the Prince's Trust event, which celebrated the successes of young people.

189. REVIEW OF TRADING COMPANY GOVERNANCE

Councillor Carter and Councillor Roger Price declared personal interests as Directors of 3SFire Ltd

The Authority considered a report from the Clerk to the Authority (item 9 in the minute book) regarding Trading Company Governance around 3SFire Ltd. This followed the paper considered by the HFRA in April 2019 in relation to the Grant Thornton Report entitled "Creating and Operating a Successful Fire Trading Company".

Whilst the governance of 3SFire Ltd had been satisfactory, it was agreed that improvements could be made to bring it in line with the recommended good practice. Rather than have Members sit as Directors on 3SFire Ltd, it was proposed that Members be appointed to a Shareholder Committee, which would discharge all functions of the Authority as shareholder of 3SFire Ltd and review the Articles of Association and pass resolutions to update the Articles as necessary. The Shareholder Committee would not need to meet often and so would reduce the time demand on Members regarding the company.

Once established, the Shareholder Committee would oversee a selection process and further review of board members. It was proposed to change the Directors appointed to the board to ensure stability, legal compliance and oversight while the permanent governance is put in place.

Members were happy with the proposals within the report.

RESOLVED:

Option 1 of paragraph 24 was approved by the Hampshire Fire and Rescue Authority, namely that:

(a) The Authority establishes a Committee and delegates to it the functions of shareholder of 3SFire Ltd;

(b) New Directors are appointed to the trading company Board as outlined in Appendix A as an interim measure while a further review, overseen by the Shareholder Committee, is conducted. (Formal appointment of the Shareholder Committee and Directors of 3SFire Ltd dealt with as part of the normal appointments process which is a separate item on the agenda).

190. APPOINTMENTS REPORT

The Authority considered a report from the Clerk (item 10 in the minute book), which appointed Members to Committees and other bodies for 2019-2020.

The report and recommendations were summarised by the Legal officer, highlighting the proposed proportionality of the Shareholder Committee in Appendix 2. It was also confirmed that a process was currently being undertaken to recruit a new Scheme Member vacancy for the Firefighters' Pension Board and that Malcolm Eastwood had requested to extend his Membership for 10 months (until March 2020) rather than four years.

Councillor Price agreed with the allocation of seats in Appendix 2, whilst noting that this did not reflect the overall balance of the Authority, as stated at the bottom of the table.

Members discussed the name of the Shareholder Committee, and it was suggested that calling it a "Stakeholder Committee" may be more appropriate. Officers advised that whilst the Committee would be exercising the functions of the Authority as Shareholder of 3SFire Ltd, it could be titled "Stakeholder Committee" if the Authority felt this more appropriate. Members were given reassurance that legal and financial liability risks rest with 3SFire Ltd as a company limited by shares, and not with the Committee or Authority. Notwithstanding this, it was noted that some reputational risks still remained for the Committee and the Authority. In the circumstances, the Full Authority agreed that the new committee should be referred to as a Stakeholder Committee going forward.

It was noted that the Isle of Wight had an open invitation to attend the APAG meetings and would continue to be welcomed going forward in 2019-20.

RESOLVED:

- a. For the purposes of Part 1 of the Local Government and Housing Act 1989, the allocation of seats on the Standards and Governance Committee and the 3SFire Ltd Stakeholder Committee of the Authority be as set out in Appendix 2 of the report.
- b. The Authority appointed the following members of the Standards and Governance and the 3SFire Ltd Stakeholder Committees and their respective Chairmen and Vice-Chairmen following the agreed allocation of seats until the Annual meeting of the Authority in 2020:

Standards and Governance	Stakeholder Committee
Cllr Liz Fairhurst (Chairman)	Cllr Roger Price (Chairman)
Cllr Sharon Mintoff (Vice Chairman)	Cllr Jonathan Glen (Vice Chairman)
Cllr Jonathan Glen	Cllr Roz Chadd
Cllr Geoff Hockley	Cllr Rhydian Vaughan
Cllr Roger Price	Cllr Sharon Mintoff

- c. With regards to the Pension Board, the Authority considered the position as set out in section 3 of the report and noted the recruitment process currently underway for the Scheme Member representative vacancy. It was agreed that Malcolm Eastwood be appointed as Scheme Member representative until 31 March 2020.
- d. It was agreed that APAG shall include all appointed HFRA Members as set out in paragraph 4a of the report until the Annual meeting of the Authority in 2020 and further noted that the Isle of Wight had an open invitation to also attend the meetings.
- e. The Authority appointed Councillor Liz Fairhurst (Chairman), Councillor Roger Price and Councillor Rhydian Vaughan to an informal working group for the review of principal officer pay, as detailed in paragraph 4b of the report, until the Annual meeting of the Authority in 2020.
- f. That Councillor Roz Chadd be appointed as the Member Development Liaison Champion as set out in paragraph 4c of the report, until the Annual meeting of the Authority in 2020.
- g. The Minority Group Spokesperson for the Liberal Democrat Party Group was confirmed as Councillor Roger Price until the Annual meeting of the Authority in 2020, as set out in paragraph 4d of the report.
- h. The Chairman of the 3SFire Ltd Stakeholder Committee, Councillor Roger Price, was appointed as the Shareholder Representative for 3SFire Ltd (with the Vice Chairman, Councillor Jonathan Glen, substituting as and when required) pursuant to Article 39 of the Articles of Association of 3SFire Ltd as set out in paragraph 4e of the report, until the Annual meeting of the Authority in 2020.
- i. Steve Apter, Stew Adamson and Matt Robertson were appointed by the Authority as Directors of 3SFire Ltd pursuant to Articles 18 and 19 of the Articles of Association of 3SFire Ltd as set out in paragraph 4f of the report, until the Annual meeting of the Authority in 2020.

191. **MINOR AMENDMENTS TO THE CONSTITUTION**

The Authority considered a report from the Clerk (item 11 in the minute book) regarding minor amendments proposed to the HFRA Constitution.

It was acknowledged that these changes would now be updated to include references to the 3SFire Ltd Shareholder Committee, which had been agreed to be called a Stakeholder Committee.

It was noted that the Standards and Governance Committee may make further changes to the Terms of Reference of the Pension Board at its forthcoming meeting. It was therefore suggested that the recommendation be amended to authorise the Clerk to make any further changes to the Pension Board's Terms of Reference that are agreed by Standards and Governance Committee.

Members agreed this amendment and were happy with the proposed changes to the Constitution.

RESOLVED:

- a. The Authority approved the amendments to the Constitution at Appendix A, pending references to the 'Shareholder Committee' being changed to 'Stakeholder Committee'; and
- b. The Authority delegated authority to the Clerk to finalise a new version of the Constitution containing the amendments at Appendix A, any further changes to the Pension Board's Terms of Reference as agreed by Standards and Governance Committee, and consequential changes to numbering and formatting and to arrange for this to be published on the Authority's website.

192. **ANNUAL PERFORMANCE APRIL 2018 - MARCH 2019**

The Authority received a report from the Chief Fire Officer (item 12 in the minute book) regarding the Annual Performance report, which focused on the Service mission 'to make life safer', the Service's response standard to critical incidents, financial performance and staff well-being focussing on core measures for operational and organisational performance. The report looked at the past year's performance, which was also the penultimate year of the current plan.

Members noted paragraph 9 in the report, which read "*HFRS continues to demonstrate a good performance in the efficiency and effectiveness of protection of the public against fire and other risks*". This was observed during the July 2018 HMICFRS inspection and performance over the remainder of the year was consistent with this finding.

Officers highlighted the reduction in fire related casualties, which was a positive step. Since the intermediate capability of appliances and personnel had been stationed more locally, Whitchurch, an 'indicator' station had seen an improvement in availability of 39% during the day and 18% at night. Further improvements were anticipated across the Service as this intermediate capability was rolled out across the County.

During questions from Members it was confirmed that the Home Office did not measure critical response times across family groups as this varied across different Services and was hard to record consistently. The officer confirmed that where statistics were available for comparison, for example in rural areas, results indicated Hampshire were outperforming.

Looking specifically at Emsworth Fire Station, it was confirmed that the incident recording system was the same for West Sussex call-outs as it was for those in Hampshire, but the specific figures on call-outs to West Sussex could be investigated and reported back to the Full Authority.

There had been a decrease in arson convictions, but the Authority was reassured that convictions often took a long time to process and the Hampshire Arson Task Force still had the highest arrest rate in the country. On page 67 of

the pack it was noted that several evaluations by University of Portsmouth academics had been done on the adult fire setter programme to provide an evidence base that it was effective, and it was requested that the results of these come back to a future HFRA meeting.

Members discussed the importance of working with property developers to ensure new roads and estates were designed in a way that emergency vehicles could get access easily if required. It was confirmed that an officer worked closely throughout the design process to ensure requirements were met and social media campaigns were also in place to remind residents about parking sensibly and to take emergency vehicle access into account.

On page 69 of the pack it stated that HFRS were looking to increase response times from 64.7% to 77% in 2019-20. Whilst there were concerns from Members that this increase was unrealistic, officers were confident that the change initiatives being implemented and an increase in retained personnel made this target achievable.

Officers were thanked and congratulated for their work on the plan and improvements made.

RESOLVED:

- a) The Hampshire Fire and Rescue Authority noted the performance for 2018 - 2019 detailed in this report.
- b) That further details on call-outs to West Sussex and also arson investigations by The University of Portsmouth come back to a future HFRA meeting when available for information.

193. **SERVICE PLAN ANNUAL REVIEW**

The Authority considered a report from the Chief Fire Officer (item 13 in the minute book) regarding the Service Plan, which was a five year plan that was reviewed each year and encompassed the priorities identified in the Annual Performance plan (item 12 in the minute book).

Members queried the line "We respond quicker" on page 98 in the pack (page 2 of the plan) and felt that this could attract criticism considering that Critical Response was an area that required attention as identified in the Annual Performance plan. Whilst it was acknowledged that the Service Plan was designed to reflect goals in the future, it was agreed that the line be rephrased to "We *will* respond quicker".

Andy Bowers, Deputy Chief Fire Officer, was thanked for his work on the plan.

RESOLVED:

The Service Plan annual review for 2019-2020 was approved by the Hampshire Fire and Rescue Authority, taking into account the amendment on Page 2 with "We respond quicker" being updated to "We will respond quicker".

194. **ANNUAL GOVERNANCE STATEMENT 2018/19**

The Authority received a report from the Chief Fire Officer (item 14 in the minute book) regarding the Annual Governance Statement for 2018/19.

Members were happy with the plan and there were no questions.

RESOLVED:

The Annual Governance Statement 2018/19 as set out in **Appendix A** was approved by Hampshire Fire and Rescue Authority for inclusion into the Statement of Accounts.

195. **ANNUAL STATEMENT OF EQUALITY**

The Authority received a report from the Chief Fire Officer (item 15 in the minute book) regarding the Annual Statement of Equality, which provided a snapshot of the HFRS equality information and highlighted some of the actions undertaken to improve the diversity of the workforce. It also provided an update on progress towards achievement of the Service's equality objectives, which were approved by HFRA in July 2018.

The objectives remained the same, but the equality profile of the Fire Service remained a focus for improvement. Positive steps had been taken and the Service was above national average for on-call female firefighters but work was still being done to increase the number of Black, Asian and Minority Ethnic groups, which were under represented.

Members acknowledged the positive step in the Cadet units being developed and getting a wider variety of people involved from a younger age. Social media campaigns around recruitment were being well received. It was suggested that the Prince's Trust events could also be a good opportunity to inspire young people into getting involved in the Cadet programme.

A recent recruitment process had 21% of successful candidates being women, which was the highest proportion achieved by the Service and showed that significant progress was being made.

HFRS officers were thanked for their hard work.

RESOLVED:

The Annual Statement of Equality (Workforce Demographics) was noted by Hampshire Fire and Rescue Authority.

196. **EXCLUSION OF PRESS AND PUBLIC**

It was resolved that the public be excluded from the meeting during the following items of business, as it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the items there would be

disclosure to them of exempt information within Paragraph 5 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the reports.

197. **EXEMPT MINUTE FROM 3 APRIL HFRA MEETING**

The exempt minute from the 3 April meeting was approved by the Authority.

Chairman,

This page is intentionally left blank

Purpose: Approval

Date 17 July 2019

Title **OUTTURN REPORT 2018/19**

Report of: Chief Financial Officer



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

EXECUTIVE SUMMARY

1. The final year end position for 2018/19 is an underspend of £3.109m against budget. This is due to the lower than budgeted employee costs, as vacancies in the current structure are being held in preparation for the restructure for Service Delivery Redesign.
2. This report requests Members of the Authority to review the figures as laid out in the Appendices and recommends that the outturn report, including reserves and capital financing are approved, along with the annual treasury outturn for 2018/19.

BACKGROUND

3. This is an annual report which sets out the financial position at the end of 2018/19 as per the draft Statement of Accounts.

REVENUE EXPENDITURE 2018/19

4. The revenue outturn position is shown in functional and subjective summary at **Appendix A**.
5. The underspend can broadly be broken down into 3 main elements. These are:
 - (a) Early achievement of savings - wholtime firefighters - £1.522m
 - (b) Excess pay inflation provision - £1.125m
 - (c) Underlying underspend - £0.462m
6. Early savings have been made through the Service Delivery Redesign (SDR) Programme, with changes to the structure being made on Station as they are ready. This has enabled the service to run with a number of vacancies against the current budget in order to reduce to the required level by March 2019.
7. Pay inflation was budgeted as per the agreed Medium Term Financial Plan (MTFP) levels. However, there were significant time delays on the pay awards being confirmed and the increases were lower than had been expected.
8. There have been a number of vacant retained firefighter posts during the year, although far fewer than in previous years due to the reduction in establishment and the drive to recruit more RDS Officers. However, the cost for RDS as a whole is over budget for 2018/19 due to the high number of fires during the very dry summer, plus the Ocado fire in February 2019, resulting in much higher levels of call-out and overtime payments than expected.

- 9. The underspends on staffing have been partially offset by an overspend on premises. This has been caused by the high level of reactive maintenance that has been required during the year. This has been managed as far as possible by reducing other planned works, however this has also been balanced against the false economy of not maintaining buildings which will then cost more in future years. This spend pressure was recognised early in the year and additional budget has been provided in 2019/2020 to allow for the required works to be carried out.
- 10. Additional partnership work within the Transport Department has caused a higher than budget spend. This has been partially offset by additional income from the partner organisations.
- 11. Income has been higher than budgeted in a number of areas, with the highest increases coming from interest on balances, Technical Services collaborations and the use of our estate.
- 12. There has been an increase in the requirement for provisions of £55,000, which is explained further in Section 21 below.
- 13. This spend also includes the £3.699m contribution to the capital payments reserve included within the original budget.

CAPITAL EXPENDITURE 2018/19

- 14. Capital payments during the year totalled £5.200m compared with the £5.257m forecast. A breakdown of the variances is given in **Appendix B**.
- 15. The capital payments have been financed from the following sources:

	£'000
Capital grants	0
Partner contributions	500
Capital receipts	1,500
Revenue contributions	0
Capital payments reserve	<u>3,200</u>
Total	<u>5,200</u>

- 16. The capital spend for 2018/2019 is significantly lower than had been planned at the start of the year. This is mainly due to vehicle specifications for SDR not being finalised and therefore delays to purchasing.
- 17. By using the above funding sources, the Authority has not had to use any unsupported borrowing this year.

CAPITAL EXPENDITURE 2019/2020 to 2021/2022

18. **Appendix C** provides an update to the capital programme for the coming years, including the latest forecast of spending requirements and timescales.
19. Although Basingstoke Fire Station is complete and in operation, there are issues with the drainage which need to be rectified. This work will be carried out at the contractor's expense, however, some professional fees may need to be covered by HFRS, therefore the final settlement will now not be confirmed until 2019/2020.
20. The spend on Phase 2 of SHQ has gone over budget for the year and Appendix C shows that the overall project is expected to be overspent by £260,000, which will need to be met from the Capital Payments Reserve. This is due to furniture from Phase 1, which was purchased by Hampshire Constabulary but not invoiced at the time. The costs now have to be included in the Phase 2 project, although there was no budget available as this was not part of the original project plan.
21. **Appendix D** of this report provides details of the proposed funding for the future capital expenditure programme.

TREASURY MANAGEMENT

22. The treasury management strategy approved by the Authority in February 2018 was followed throughout the year. All the limits and boundaries set were fully complied with.
23. The year end report for Treasury Management is set out as **Appendix F** for Members' approval.

PROVISIONS

24. The following provisions have been adjusted in the 2018/2019 financial year. The increase is met from the revenue budget:
 - (a) **Provision for Uninsurable and other claims (-£31,000)**

This covers costs which may arise as a result of the Authority being uninsured for a period (the Authority's insurers went into liquidation some years ago), possible employment tribunals (together with their associated costs) and other claims made against the Authority. These cases may take a number of years to settle.
 - (b) **Provision for Pension Liabilities (-£85,000)**

This provision is to cover the cost of the pension liabilities relating to temporary promotions that have agreed to be funded by the Authority. A number of these have been resolved during 2018/2019, which has led to a reduction in the level of provision required.
 - (c) **Provision for Business Rate Appeals (+£171,000)**

Business Rates are reviewed on a regular basis and can be increased or decreased, depending on various circumstances. This provision is to cover those changes, where HFRA (through the Billing Authorities) have unsuccessfully appealed against an increase or appealed for a decrease.

RESERVES AND GENERAL BALANCE

25. In recent years it has been normal practice to add any underspends to the Transformation reserve, as contributions are made to the Capital Payments reserve each year as part of the base budget. The net underspend of £3.109m has therefore been included within the closing balance of the Transformation reserve.

(a) **Capital and Revenue Grants Unapplied Reserve**

There has been no movement in the Capital Grants Unapplied reserve, which remains with a zero balance. Revenue grants totalling £464,000 have been received in 2018/2019 and £467,000 of grants have been spent giving a net reduction to the revenue grants unapplied reserve of £3,000.

(b) **Transformation Reserve**

The balance of the Transformation Reserve is £3.598m as at 31 March 2019, which takes into account the £3.109 net underspend during 2018/2019.

(c) **Capital Payments Reserve**

Payments of £3.875m have been made from the Capital Payments Reserve, which leaves a balance of £23.090m as at 31st March 2019.

(d) The movements in these reserves and the general balance, including the proposed adjustments to reserves, can be summarised as follows;

Balance as at 1 April 2018	Used during the year	Additions in year	End of year addition	Balance as at 31 March 2019
£'000s	£'000s	£'000s	£'000s	£'000s
-30,332	7,759	-4,694	-3,109	-30,377

26. A breakdown by reserve is shown at **Appendix E** of this report.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

27. Ensuring that funding is appropriately accounted for is vital for all public sector organisations. Budget management during 2018/2019 has allowed a significant underspend to be achieved at year end which will help to fund the Service priorities and enable the key changes required to make budget reductions at the same time as service improvements.

CONSULTATION

28. No consultation is required for this report as it is based on historic information and is a purely factual document. The information contained within this report will be verified by our external auditors.

RESOURCE IMPLICATIONS

29. This report generally reflects the financial position for the previous financial year and does not contain any requests which would affect the future financial position, other than the transfer of the underspend into the Transformation Reserve, providing for future funding needs.

LEGAL IMPLICATIONS

30. It is a legal requirement that the Statement of Accounts be approved and signed by external audit. This is expected to take place in July once the full review of the accounts has taken place and in line with the earlier timetable for publication introduced this year.

PEOPLE IMPACT ASSESSMENT

31. The proposals in this report are considered compatible with the provisions of the equality and human rights legislation.

OPTIONS

32. There are no options for consideration in this report.

RISK ANALYSIS

33. This report sets of the draft outturn position, prior to the full audit of the accounts being completed. If any significant errors are uncovered by the auditors, these will be referred back to the Authority.

CONCLUSION

34. It is requested that the Authority review and approve the financial position for the year ended 31 March 2019 as detailed in this report.

RECOMMENDATIONS

35. That the accounts for 2018/19, including the use of reserves set out in paragraph 25 and **Appendix E** of this report be approved by Hampshire Fire and Rescue Authority.
36. That the changes to the capital payments reserve in 2018/19 and the impact on the capital spend profile going forward as set out in **Appendices B, C & D** be approved by Hampshire Fire and Rescue Authority.
37. That the financing for capital payments as set out in paragraph 15 be approved by Hampshire Fire and Rescue Authority.
38. That the annual treasury outturn report set out in **Appendix F** of this report be approved by Hampshire Fire and Rescue Authority.

APPENDICES ATTACHED

- Appendix A – Revenue Outturn 2018/19
- Appendix B – Capital Outturn 2018/19
- Appendix C – Capital Forecast to 2021/22
- Appendix D – Capital Funding to 2021/22
- Appendix E – Reserves
- Appendix F – Treasury Management Outturn 2018/19

Contact:

Rob Carr, Chief Finance Officer, Rob.Carr@hants.gov.uk

Objective	Budget	Net Expenditure chargeable to the General Fund	Variance (Underspend (-) / Overspend)
	£ '000s	Balance £ '000s	£ '000s
Risk and Strategy	810	914	104
Operations	45,577	44,632	-945
Performance and Assurance	4,447	4,026	-420
Enabling	11,448	11,486	38
Finance	2,083	805	-1,278
Fire and Rescue Services	64,364	61,864	-2,501
Other items not allocated to services:			
NDC pension back payments	754	643	-111
Increase in provision for uninsurable claims	0	55	55
Reduced provision for pensionable allowances	0	-85	-85
Net cost of Fire and Rescue Services	65,118	62,477	-2,642
Other operating income and expenditure			
Provision for debt repayment	414	465	51
Interest paid on loans	393	393	0
Interest received	-209	-379	-170
Provision for investment asset loss		3	3
	598	482	-116
Taxation and non-specific grant income			
Precept	-41,209	-41,209	0
Revenue Support Grant	-8,118	-8,118	0
Other Non-Specific grants	-1,850	-2,191	-341
Business Rates Top-Up Grant	-7,296	-7,306	-10
Locally Retained Business Rates	-7,037	-7,037	0
CT Collection Fund Balance	-312	-312	0
BR Collection Fund Balance	-33	-33	0
Taxation and non-specific grant income	-65,855	-66,205	-351
			0
Deficit on the provision of services	-138	-3,247	-3,108
Planned use of reserves:			
Use of transformation reserve	-3,242	-3,242	0
Contributions to earmarked reserves	531	531	0
Use of underspend reserve	-152	-152	0
Use of revenue grant reserve	-23	-23	0
Planned contribution to CPR	3,699	3,699	0
Use of capital payments reserve	-675	-675	0
Use of reserves	138	138	-0
Surplus transferred to transformation reserve	0	-3,109	-3,109

Subjective	Budget	Net Expenditure chargeable to the General Fund	Variance
	£ '000s	Balance £ '000s	£ '000s
Wholetime Fire Fighter	32,414	30,093	-2,322
Retained Fire Fighters	6,564	6,819	255
Support staff	11,140	10,272	-867
Net cost of pensions	1,096	1,163	67
Other Employee Expenses	910	832	-78
Total employee expenses	52,125	49,180	-2,945
Premises Related Expenditure	4,948	5,626	678
Transport Related Expenditure	1,790	2,053	263
Supplies and Services	9,632	9,682	50
Total expenditure	68,495	66,541	-1,954
Service income	-3,985	-4,531	-547
Specific grants	-146	-147	-0
	-4,131	-4,678	-547
Fire and Rescue Service	64,364	61,864	-2,501
NDC pension back payments	754	643	-111
Increase in provision for uninsurable claims	0	55	55
Reduced provision for pensionable allowances	0	-85	-85
Net cost of Fire and Rescue Service	65,118	62,477	-2,642

Capital Payments 2018/19

	Estimated Payments £'000s	Actual Payments £'000s	Variance £'000s
2012/13			
Basingstoke Fire Station	190	32	-158
Fire control system - NFSP	58	0	-58
Total 2012/13 starts	248	32	-216
2014/15			
Estates Transformation - Ringwood Station	17	8	-9
Solar photovoltaic panels	23	5	-18
Total 2014/15 starts	40	13	-27
2015/16			
Transforming on call arrangements	54	0	-54
Thermal image cameras	164	230	66
Total 2015/16 starts	218	230	12
2016/17			
Fire ground radios	16	3	-13
Total 2016/17 starts	16	3	-13
2017/18			
VEHICLES	29	16	-13
Estates Transformation -HQ-Phase 2	3337	3648	311
USAR relocation	13	13	0
Total 2017/18 starts	3379	3677	298
Carried forward to 2018/19			
VEHICLES	1313	1245	-68
Pr Philip Barracks: Mobile Burn unit & cutting rigs	43	0	-43
Total 2018/19 starts	1356	1245	-111
Total	5257	5200	-57

Vehicle Replacement Programme

- There has been continuing uncertainty regarding the operational and business requirements for some of the vehicles. This has resulted in extended review of project plans and production of User Requirement documents which means the programme could not progress with some procurement processes as had originally been intended.

Capital Schemes

2012/13 programme:

- Basingstoke Fire Station - slippage in the replacement of Basingstoke Fire Station which completed in April 2018 due to contractor performance issues.
- Fire Control System - a small amount of funding remains which will be used in 2019/20.

2014/15 programme:

- SHQ Phase 1 is now completed. Not all of the additional funding was required, so this has been transferred back to the contingency held for the transformation projects.
- Estates transformation - Ringwood Fire Station complete, bringing the Estates Transformation Station Partnerships programme to a close with the successfully relocation of four Police Neighbourhood Teams into Southsea, Hightown, Hardley and Ringwood stations. The balance of the budget will be used on remedial work to the car park in 18/19.
- Solar Photovoltaic - the balance on the solar photovoltaic (PV) scheme will now be used for small energy improvements during 2018/19 following a change to the funding of the installation of PV panels at Basingstoke Fire Station.

2015/16 programme:

- Transforming on call arrangements is expected to be completed in 2019/20.
- Thermal imaging is had a delay, but this project will continue into 2019/20.

2016/17 programme

- Fire Ground Radios - this project is close to completion, with the remaining funding being required in 2019/20.

2017/18 programme

- USAR Relocation - Slippage to the project to relocate USAR from SHQ to Eastleigh Fire Station due to a change in user requirements. Due to complete 2018/19.
- Prince Phillip Barracks - Training equipment and Compressor funded from revenue, so removed from the programme. Mobile Burns Unit and Cutting Rig - required in 2018/19, so deferred. Only £43K required per year, for the next 3 years, so the budget has been split across 3 years accordingly.

Revised Capital Spend Profile 2019/20 - 2022/23

	Approved Spend	2018/19 and previous years	2019/20	2020/21	2021/22	2022/23	Latest Estimated Spend
Project Details	£000	£000	£000	£000	£000	£000	£000
2012/13 starts							
Basingstoke Fire Station	6,875	6,717	158				6,875
Fire control system - (FGP 4/12) NFCSP	729	671	58	0	0	0	729
Total 2012/13 starts	7,604	7,388	216	0	0	0	7,604
2014/15							
Solar photovoltaic panels	1,076	1,059	17	0	0	0	1,076
Total 2014/15 starts	1,076	1,059	17	0	0	0	1,076
2015/16							
Thermal imaging cameras	350	252	98	0	0	0	350
Total 2015/16 starts	350	252	98	0	0	0	350
2017/18							
Estates Transformation -HQ Phase 2	4,583	4,794	49	0	0	0	4,843
Total 2017/18 starts	4,583	4,794	49	0	0	0	4,843
2018/19							
VEHICLES	5,489	1,275	4,214	0	0	0	5,489
Total 2018/19 starts	5,489	1,275	4,214	0	0	0	5,489
2019/20 Provisional							
VEHICLES	5,532	0	4,524	1,008	0	0	5,532
Total 2019/20 starts	5,532	0	4,524	1,008	0	0	5,532
2020/21 Provisional							
VEHICLES	6,641	0	0	5,380	1,261	0	6,641
Total 2020/21 starts	6,641	0	0	5,380	1,261	0	6,641
2021/22 Provisional							
VEHICLES	6,600	0	0	0	5,340	1,260	6,600
Total 2021/22 starts	6,600	0	0	0	5,340	1,260	6,600
Total 2012/13 to 21/22	37,875	14,768	9,118	6,388	6,601	1,260	38,135

This page is intentionally left blank

Financing of existing & proposed capital programme as at year end 18/19

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'001
Payments: existing schemes	5,200	4,594	0	0	0
Payments: proposed programme 2019/20 to 2021/22	0	4,524	6,388	6,601	1,260
Total payments	5,200	9,118	6,388	6,601	1,260
Financed by:					
Capital payments reserve	3,200	9,060	6,371	6,481	1,260
Revenue Grant unapplied reserve	0	58	0	120	0
Capital receipts	1,500	0	17	0	0
Partner contributions	500	0	0	0	0
Total financing	5,200	9,118	6,388	6,601	1,260

This page is intentionally left blank

Specific reserves and general balance 2018/19

	Transformation Reserve £'000s	Capital Payments £'000s	Earmarked Underspends £'000s	IT Reserve £'000s	SHQ Maintenance £'000s	Prince's Trust £'000s	Revenue Grants £'000s	Capital Grants £'000s	Capital Receipts £'000s	General Balance £'000s	Total £'000s
Balance as at 01.04.2018	-3,754	-23,266	-196	0	0	0	-616	0	0	-2,500	-30,332
Used in year	3,262	3,875	152				467				7,756
Addition in year	0	-3,699		-75	-374	-82	-464				-4,694
End of year addition	-3,109										-3,109
Balance as at 31.03.2019	-3,601	-23,090	-44	-75	-374	-82	-613	0	0	-2,500	-30,379

This page is intentionally left blank



1. Purpose

- 1.1. Hampshire Fire and Rescue Authority has adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), last updated in 2017. The CIPFA Code requires the Fire and Rescue Authority to approve a treasury management strategy before the start of the year and a semi-annual and annual treasury outturn report.

2. Summary

- 2.1. This report fulfils the Fire and Rescue Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 2.2. The Fire and Rescue Authority's treasury management strategy for 2018/19 was approved at a meeting of Hampshire Fire and Rescue Authority in February 2018. The Fire and Rescue Authority has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Fire and Rescue Authority's treasury management strategy.
- 2.3. Treasury management in the context of this report is defined as:
"The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 2.4. This annual report sets out the performance of the treasury management function during 2018/19, to include the effects of the decisions taken and the transactions executed in the past year.
- 2.5. Overall responsibility for treasury management remains with the Fire and Rescue Authority. No treasury management activity is without risk and the effective identification and management of risk are therefore integral to the Fire and Rescue Authority's treasury management objectives.
- 2.6. All treasury activity has complied with the Fire and Rescue Authority's Treasury Management Strategy and Investment Strategy for 2018/19, and all relevant statute, guidance and accounting standards. In addition, support in undertaking treasury management activities has been provided by the Fire and Rescue Authority's treasury advisers, Arlingclose. The Fire and Rescue Authority has also complied with all the prudential indicators set in its Treasury Management Strategy.
- 2.7. The 2017 Prudential Code includes the requirement to produce a Capital Strategy, a summary document approved covering capital expenditure and financing, treasury management and non-treasury investments. Hampshire

Fire and Rescue Authority's Capital and Investment Strategy, complying with CIPFA's requirement, was approved by the Fire and Rescue Authority on 20 February 2019

3. External Context

- 3.1. The following sections outline the key economic themes currently in the UK against which investment and borrowing decisions were made in 2018/19.

Economic Commentary

- 3.2. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.
- 3.3. After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.
- 3.4. While the domestic focus has been on Brexit's potential impact on the UK economy, which has weighed on sterling and UK markets, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.

Financial markets

- 3.5. Markets for riskier asset classes fell in December 2018, most notably for equities. The FTSE 100 (a good indicator of global corporate sentiment) returned -8.8% assuming dividends were reinvested; in pure price terms it fell around 13%. However, since the beginning of 2019 markets have rallied, and the FTSE 100 and FTSE All share indices were both around 10% higher than at the end of 2018.
- 3.6. Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.

Credit Background

- 3.7. Credit Default Swap (CDS) spreads drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. After hitting around 129 basis points in December 2018, the spread on non-ringfenced bank NatWest Markets plc fell back to around 96bps at the end of March, while for the ringfenced entity, National Westminster Bank plc, the CDS spread held relatively steady around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 33 and 79bps at the end of the period.
- 3.8. The ringfencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/NatWest Bank plc) transferred their business lines into retail (ringfenced) and investment banking (non-ringfenced) entities.
- 3.9. In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty, following this move with the same treatment for UK banks and a number of government-related entities.
- 3.10. There were minimal other credit rating changes during the period. Moody's revised the outlook on Santander UK to positive from stable to reflect the bank's expected issuance plans which will provide additional protection for the its senior unsecured debt and deposits.

4. Local Context

- 4.1. At 31 March 2019 the Fire and Rescue Authority's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £11.2m, while usable reserves and working capital are the underlying resources available for investment and amounted to £24.7m (principal invested plus gains on investments with a variable net asset value). These factors and the year-on-year change are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31/03/18 Balance £m	Movement £m	31/03/19 Balance £m
CFR	(11.7)	0.5	(11.2)
Less: Resources for investment	26.1	(1.4)	24.7
Net investments	14.4	(0.9)	13.5

- 4.2. CFR has reduced due to MRP as all 2018/19 capital expenditure was funded without new borrowing. The Fire and Rescue Authority's strategy was to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, in order to reduce risk and keep interest costs low. Internal borrowing has caused a reduction in resources for investment, which has resulted in a small decrease in net investments reported at 31 March 2019.

- 4.3. The treasury management position as at 31 March 2019 and the year-on-year change is shown in Table 2 below.

Table 2: Treasury Management Summary

	31/03/18 Balance £m	Movement £m	31/03/19 Balance £m	31/03/19 Rate %
Long-term borrowing	(8.4)	0.1	(8.3)	4.70
Short-term borrowing	-	(0.1)	(0.1)	4.88
Total borrowing	(8.4)	0.0	(8.4)	4.71
Long-term investments	6.5	0.0	6.5	3.12
Short-term investments	15.5	(5.5)	10.0	1.05
Cash and cash equivalents	3.7	4.2	7.9	0.77
Total investments	25.7	(1.3)	24.4	1.51
Net investments	17.3	(1.3)	16.0	

Note: the figures in the table above are from the balance sheet in the Fire and Rescue Authority's statement of accounts but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

- 4.4. There has been no change in total borrowing and the Fire & Rescue Authority's internal borrowing policy has therefore translated into a reduction in investment balances in Table 2.

5. Borrowing Activity

- 5.1. At 31 March 2019 the Fire and Rescue Authority held £8.4m of loans as part of its strategy for funding previous years' capital programmes. The year-end treasury management borrowing position and year-on-year change is shown in Table 3 below. £0.1m of PWLB borrowing has moved from long-term to short-term and will mature during 2019/20.

Table 3: Borrowing Position

	31/03/18 Balance £m	Movement £m	31/03/19 Balance £m	31/03/19 Rate %	31/03/19 WAM* years
Public Works Loan Board	8.4	0.0	8.4	4.71	10.8
Total borrowing	8.4	0.0	8.4	4.71	10.8

* Weighted average maturity

Note: the figures in the table above are from the balance sheet in the Fire and Rescue Authority's statement of accounts but adjusted to exclude borrowing taken out on behalf of others, and accrued interest.

- 5.2. The Fire and Rescue Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Fire and Rescue Authority's long-term plans change is a secondary objective.
- 5.3. Short-term interest rates have remained much lower than long-term rates and the Fire and Rescue Authority has therefore considered it to be more cost effective in the near term to use internal resources than to use additional borrowing.
- 5.4. With the assistance of Arlingclose, the benefits of this internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years, when long-term borrowing costs may be higher.
- 5.5. There was no change in the borrowing position during the year to 31 March 2019 as no new loans were taken out and no existing loans matured.

6. Investment Activity

- 6.1. The Fire and Rescue Authority holds invested funds representing income received in advance of expenditure plus balances and reserves held. During the year the Fire and Rescue Authority's investment balances have ranged between £20.8m and £34.9m due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

Table 4: Investment Position (Treasury Investments)

Investments	31/03/18 Balance £m	Movement £m	31/03/19 Balance £m	31/03/19 Rate %	31/03/19 WAM* years
Short term investments					
- Banks and Building Societies					
- Unsecured	2.1	1.0	3.1	0.98	0.19
- Secured	7.0	(3.0)	4.0	1.23	0.30
- Money Market Funds	3.1	3.7	6.8	0.78	0.00
- Local Authorities	7.0	(3.0)	4.0	0.78	0.14
	19.2	(1.3)	17.9	0.91	0.13
Long term investments					
- Banks and Building Societies					
- Secured	3.0	(1.0)	2.0	1.16	2.67
- Local Authorities	0.0	1.0	1.0	1.30	2.24
	3.0	0.0	3.0	1.21	2.53
High yield investments					
- Pooled Property Funds**	2.0	0.0	2.0	4.40	n/a
- Pooled Equity Funds**	1.5	0.0	1.5	5.23	n/a

	3.5	0.0	3.5	4.76	n/a
TOTAL INVESTMENTS	25.7	(1.3)	24.4	1.50	0.47

* Weighted average maturity

** The rates provided for pooled fund investments are reflective of the average of the most recent dividend return as at 31 March 2019.

Note: the figures in the table above are from the balance sheet in the Fire and Rescue Authority's statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

- 6.2. The CIPFA Code and government guidance both require the Fire and Rescue Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Fire and Rescue Authority's objective when investing money is therefore to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults against the risk of receiving unsuitably low investment income
- 6.3. Security of capital has remained the Fire and Rescue Authority's main investment objective and has been maintained by following the Fire and Rescue Authority's counterparty policy as set out in its Treasury Management Strategy Statement.
- 6.4. Counterparty credit quality has been assessed and monitored with reference to credit ratings, the analysis of funding structure and susceptibility to bail-in, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press
- 6.5. The Fire and Rescue Authority also makes use of secured investments products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.
- 6.6. To reduce risk, approximately 57% of the Fire and Rescue Authority's surplus cash is invested so that it is not subject to bail-in risk, as it is invested in local authorities, secured bank bonds, and pooled property, equity and multi-asset funds. The remaining balance is largely held in overnight money market funds, which are subject to reduced bail in risk. By comparison, only 40% of the cash held by other Fire and Police Authorities covered by Arlingclose's benchmarking data is not subject to bail-in risk.
- 6.7. To ensure sufficient liquidity, the Fire and Rescue Authority has made use of call accounts and money market funds. With the uncertainty around Brexit, the Fire and Rescue Authority also ensured there were enough accounts open at UK domiciled banks and Money Market Funds to hold sufficient liquidity over the year end and that its account with the Debt Management Account Deposit Facility (DMADF) remained available for use in an emergency
- 6.8. The UK Bank Rate increased marginally by 0.25% in August 2018 to 0.75% and with short-term money market rates also remaining relatively low, there has been an ongoing impact on the Fire and Rescue Authority's ability to generate income on cash investments. The rate of return achieved on the Fire

and Rescue Authority's internally managed funds was 0.87% in the year to 31 March 2019.

- 6.9. The progression of credit risk and return metrics for the Fire and Rescue Authority's investments managed in-house (excluding external pooled funds) are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking (investments managed in-house)

	Credit Rating	Bail-in Exposure	WAM* (days)	Rate of Return**
31.03.2018	AA	23%	187	0.63%
31.03.2019	AA	43%	178	0.93%
Police & Fire Authorities	AA-	60%	63	0.74%
All LAs	AA-	55%	29	0.85%

* Weighted average maturity

** based on investments held at end of quarter

- 6.10. In order to minimise the risk of receiving unsuitably low investment income, the Fire and Rescue Authority has continued to invest in externally managed pooled funds as part of its high yielding strategy, as shown in Table 4.
- 6.11. These investments in pooled property and equity funds allow the Fire and Rescue Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments, with £3.5m currently invested
- 6.12. These funds are likely to be more volatile than cash in the short-term but generate regular revenue income whilst also providing diversification and the potential for enhanced returns over the longer term.
- 6.13. The £3.5m portfolio of externally managed pooled equity and property funds generated an average total return of 7.11%, comprising 4.82% income return used to support services in year, and 2.29% of capital growth. By comparison, the average rate of return for internal investments was 0.87%, giving an average rate of return across the whole investment portfolio of 1.37%.
- 6.14. The high yielding strategy comprised approximately 14% of the invested balance at the end of March 2019 but accounted for over 47% of the income generated by the portfolio during the year.
- 6.15. Although money can usually be redeemed from the pooled funds at short notice, the Fire and Rescue Authority's intention is to hold them for at least the medium-term. Investments are made in the knowledge that capital values will move both up and down in the short term, but with the confidence that over a three- to five- year period total returns should exceed cash interest rates.

- 6.16. The performance and ongoing suitability of these pooled funds in meeting the Council's investment objectives is monitored regularly and discussed with Arlingclose.

7. Financial Implications

- 7.1. The outturn for debt interest paid in 2018/19 was £393,000 on an average debt portfolio of £8.35m, against a budgeted £393,000 on an average debt portfolio of £8.35m.
- 7.2. The outturn for investment income received in 2018/19 was £379,000 on an average investment portfolio of £27.5m, therefore giving a yield of 1.37%, against a budgeted £210,000. By comparison investment income received in 2017/18 was £316,000 on an average investment portfolio of £29.1m with a yield of 1.09%.

8. Other Non-Treasury Holdings and Activity

- 8.1. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Fire and Rescue Authority as well as other non-financial assets which the Fire and Rescue Authority holds primarily for financial return. This is replicated in MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.
- 8.2. This could include the direct purchase of land or property and any such loans and investments will be subject to the Fire & Rescue Authority's normal approval processes for revenue and capital expenditure and need not comply with the treasury management strategy. The Fire & Rescue Authority does not have any existing non-treasury investments.

9. Compliance Report

- 9.1. The Fire and Rescue Authority confirms compliance of all treasury management activities undertaken during 2018/19 with the CIPFA Code of Practice and the Fire and Rescue Authority's approved Treasury Management Strategy.
- 9.2. Compliance with the authorised limit and operational boundary for external debt, is demonstrated in Table 6 below.

Table 6: Debt Limits

	2018/19 Maximum £m	31/03/19 Actual £m	2018/19 Operational Boundary £m	2018/19 Authorised Limit £m	Complied
Borrowing	8.4	8.4	15.0	18.7	✓
Total debt	8.4	8.4	15.0	18.7	✓

10. Treasury Management Indicators

10.1. The Fire and Rescue Authority measures and manages its exposures to treasury management risks using the following indicators.

Interest Rate Exposures

10.2. The following indicator shows the sensitivity of the Fire and Rescue Authority's current investments and borrowing to a change in interest rates:

Table 7 – Interest Rate Exposures

	31/03/19 Actual	Impact of +/- 1% interest rate change
Variable interest rate investment exposure	£19.9m	£0.2m
Variable interest rate borrowing exposure	£0m	£0.0m

10.3. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Maturity Structure of Borrowing

10.4. This indicator is set to control the Fire and Rescue Authority's exposure to refinancing risk. The upper and lower limits show the maximum and minimum maturity exposure to fixed rate borrowing as agreed in the Treasury Management Strategy Statement:

Table 8 – Maturity Structure of Borrowing

	31/03/19 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	1%	50%	0%	✓
12 months and within 24 months	14%	50%	0%	✓
24 months and within 5 years	19%	50%	0%	✓
5 years and within 10 years	5%	75%	0%	✓
10 years and within 20 years	61%	75%	0%	✓
20 years and above	0%	100%	0%	✓

Principal Sums Invested for Periods Longer than 364 days

10.5. The purpose of this indicator is to control the Fire and Rescue Authority's exposure to the risk of incurring losses by seeking early repayment of its investments.

Table 9 – Principal Sums Invested for Periods Longer than 364 days

	2018/19	2019/20	2020/21
Actual principal invested beyond year end	£6.5m	£5.5m	£4.5m
Limit on principal invested beyond year end	£10m	£10m	£10m
Complied	✓	✓	✓

This page is intentionally left blank

Purpose: Approval

Date: 17 July 2019

Title: **FRONTLINE CAPABILITY REVIEW**

Report of Chief Fire Officer



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

SUMMARY

1. In February 2016, the Hampshire Fire and Rescue Authority (HFRA) agreed significant changes to our Frontline Capability, making a commitment to improve the way we respond to incidents by matching resources to risk.
2. Extensive vehicle pilots and subsequent evaluations have provided us with an improved understanding of two new vehicles, the Intermediate and First Response capabilities, which have led us to identify improvements to the original disposition.
3. A proposed new disposition will improve the Fire and Rescue capability at more of our stations compared to our original proposals; whilst maintaining the flexibility to respond with different crewing levels.
4. The proposed change in vehicle types and their disposition maintains a planned reduction in capital expenditure over the longer term whilst enhancing the vehicle and equipment response capability. It does however have a short-term impact on the existing capital programme and this report seeks an increase in the vehicle replacement programme of £0.744m.
5. The purpose of this report is for Hampshire Fire and Rescue Authority to consider a new disposition of appliances proposal.

BACKGROUND

6. In 2016, the Hampshire Fire and Rescue Service (HFRS) Risk Review recommendations following public consultation, was agreed by Hampshire Fire and Rescue Authority (HFRA). This included significant changes to HFRS Frontline Capability, making a commitment to improve the way we respond to incidents by matching resources to risk.
7. The proposed “Frontline Capability” consisted of three vehicles, Enhanced, Intermediate and First Response. Each vehicle had a different range of equipment and therefore different capabilities to deal with the wide range of incidents HFRS attend.
8. The 2016 disposition of vehicles was designed around the planned capability expected from these new vehicles. Assumptions regarding their ability to resolve incidents within their local area were made.
9. The “First Response” (FRC) and “Intermediate” capability (IC) vehicles were a new concept to our fleet. As such a full and in-depth evaluation was planned.

DESIGN

10. A critical component to the design of the First Response and Intermediate vehicles was co-design. We committed to develop, trial and evaluate all our work - with these new vehicles, in partnership with our teams, as those who would ultimately use the vehicles.
11. An important assumption that we made, was that all frontline firefighting vehicles would be able to allow compartment firefighting.
12. The vehicles were designed to maximise the use of new technology and UHPL (ultra-high-pressure lance) capability to improve safety, effectiveness and efficiency. And for HFRS to adopt the SAVE (Scan Attack Ventilate Enter) firefighting tactic to tackling compartment fires.
13. Modelling assumptions during Risk Review suggested faster response times through the introduction of smaller vehicles.
14. The introduction of these new vehicles was designed to allow more efficient and flexible crewing models to be used. It was anticipated that being able to respond with fewer than four riders would enhance response times as smaller crews would make the appliances available more often. To enable this, thorough risk assessments and safe schemes of working were developed.

EVALUATION METHODOLOGY

15. The evaluation methodology was designed to engage as many stakeholders as possible, maximising opportunities for them to contribute to the evaluation and development of the future design of the FRC and IC.
16. The full evaluation plan included more than 70 questions, carefully designed to learn as much as possible.
17. A full report for each new vehicle was produced and reported to the Service Delivery Redesign programme board, which provided oversight of the implementation of the Risk Review.

FIRST RESPONSE CAPABILITY VEHICLE

18. Three First Response Capability (FRC) vehicles have been designed and tested within HFRS. All configurations have yet to successfully deliver against the expected capability HFRS requires.
19. The pilot phase of these vehicles found significant limitations with the range and size of equipment that could be carried. This weight restriction did not enable the vehicles to deliver against the requirements, in particular of compartment firefighting.
20. The First Response vehicle designed has not been able to provide suitable equipment to enter a compartment for fire-fighting and/or search and rescue. *“the lack of hose, no high-pressure hose-reel and no main pump for compartment fire-fighting this would represent a reduced fire-fighting capability”*.

21. We experienced significant reliability issues with the vehicles, to both their electrical and mechanical systems. This again we believe is due to the weight, when the equipment required was included.
22. This evaluation of the First Response vehicle has also demonstrated that it would be unable to resolve some of the incidents for which had been planned.
23. The evaluation did not confirm the assumption made within Risk Review that smaller vehicles would be faster and improve response times.

INTERMEDIATE CAPABILITY VEHICLE

24. The Intermediate vehicle has, with considerable engagement and recommendations from end users, delivered against expectations for an Intermediate Capability vehicle.
25. The Key benefits of the IC have been:
 - A lighter vehicle,
 - A narrower chassis leading to increased manoeuvrability especially in cramped inner city and small rural roads;
 - Improved lighting has improved safer response to incidents;
 - Equipped to a very high standard and is comparable to the Enhanced Capability (EC);
 - Able to safely respond with less than 4 riders to resolve emergency incidents.
26. The evaluation did not confirm the assumption made within Risk Review that smaller vehicles would be faster and improve response times. However, it was able to demonstrate how smaller crews were able to respond and this has a positive impact on response times with greater appliance availability, enabling a more local and therefore faster response to some incidents.
27. The vehicle is popular with our teams. The IC vehicle has been integrated into the HFRS vehicle replacement programme. 2019/20 will see the delivery of 10 of these vehicles to enhance our fleet and develop the benefits to our stations.

FLEET DISPOSITION

28. The technical evaluation and comprehensive engagement with key stakeholders has identified that the First Response Capability should be removed from the HFRS disposition of appliances.
29. In 2016, the HFRS disposition of appliances included three types of vehicle – First, Intermediate and Enhanced – see **Appendix A** for details. The evaluation of the pilot vehicles and the ambition to match resources to risk leads to a reconsideration of this disposition plan.

OPTIONS

30. There are two options that are considered and presented in this paper.
- a) The three-vehicle approach and the 2016 Risk Review disposition of appliances plan is retained. This will require further evaluated pilots to seek a suitable First Response Capability vehicle.
 - b) A revised two vehicle approach is taken, and a new disposition of appliances plan is approved. This will match resources to risk with the knowledge that HFRS has in 2019.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

31. The realignment of the vehicle disposition supports our service plan in the following ways:
- a) “Responding to Incidents” Service priority to continue to improve the way we respond to and support incidents.
 - b) “Creating Safer Communities” Recognising the benefit that responding with less than four can improve the first attendance time ensuring people are safer at home, work, travelling and socialising.
 - c) “Stronger” Improved availability of latest technology across a wider proportion of the fleet will see more crews able to use the latest equipment and techniques.
32. The proposal also supports the National Framework Document objectives of:
- a) Identify and assess the full range of foreseeable fire and rescue related risks their areas face
 - b) Be accountable to communities for the service they provide.
 - c) Increase the efficiency and effectiveness of the service they provide.
33. The approach and recommendations have been led and contributed by our staff at all stages. This contributes towards our approach to Service change, where we seek all views and listen to our staff.

RESOURCE IMPLICATIONS

34. The total number of vehicles would remain the same, however, the make-up of these would change.
35. The proposed fleet was:
- a) 26 EC's, 21 IC's and 30 FRC's
- this proposal would change it to:
- b) 24 EC's, 49 IC's.

- c) In addition, 4 Small Fires Vehicles (SFV) which are specialist appliances will be retained in the city areas to continue to successfully deal with small fires.
33. These changes will continue to reduce the total long term spend on the vehicle replacement programme, which was previously planned on a replacement of 76 Enhanced vehicles and 3 Small Fire Vehicles, prior to the changes originally planned as part of the SDR programme.
34. The change in vehicle strategy and the need for the necessary vehicle evaluations to conclude does however have a short-term impact on the capital programme. To achieve the proposed changes an increase to the capital programme for vehicles of £0.744m is forecast over the next three years. The impact of the increased amount can be reduced from underspends on previous vehicle purchases to amend the actual increase to £0.462m, which it is recommended is approved by the Authority to be funded from the Capital Payments Reserve.

Vehicle Description	2019/20		2020/21		2021/22	
	No.	Cost £'000s	No.	Cost £'000s	No.	Cost £'000s
Aerial Appliance	0	0	0	0	0	0
Water/Foam Carrier	0	0	0	0	1	323
Enhanced Capability Appliance	2	722	2	744	0	0
Intermediate Capability Appliance	10	3322	15	5133	14	4934
First Response Capability Appliance	0	0	0	0	0	0
Small Fires Vehicle	1	170	1	175	0	0
Incident Command Vehicle	1	500	0	0	0	0
Safe and Well (Key Stage 2 Education Vehicle)	0	0	0	0	0	0
Canine support vehicle	0	0	0	0	0	0
Light off-road vehicle	3	210	1	72	0	0
Heavy off-road vehicle	0	0	0	0	0	0
Command Support Van	0	0	0		0	0
Command Support Unit	1	128	0	0	0	0
Marine Support Unit	0	0	0	0	0	0
Fire Investigation Unit	0	0	0	0	0	0
Mobile Community Contact Point	0	0	0	0	1	70
General Purpose Van	3	60	16	336	11	238
Pick-Up	0	0	0	0	1	28
Pick-Up (4x4)	0	0	0	0	0	0
Crew car/van	20	320	9	149	1	17
Personnel Carrier	0	0	0	0	0	0
Provided vehicles for FDS	1	40	1	32	30	990
A/T Fork lift	1	60	0	0	0	0
Totals	43	5,532	45	6,641	59	6,600

36. The Intermediate Capability vehicles however have a longer programmed life cycle than the First Response Capability vehicle and therefore the overall appliance life cycle financial resource impact is balanced, when considering more of the more expensive, larger vehicle.

37. The proposed change to vehicle types represents a significant improvement to response capability and organisational response resilience for the same financial resource outlay when considered as a whole life cycle.

Fouteen Year Life-Cycle	Calculation 1 - Pre SDR			Calculation 2 - SDR Proposal			Calculation 3 - New Proposal		
	Quantity	Cost Each	Cost Total	Quantity	Cost Each	Cost Total	Quantity	Cost Each	Cost Total
2019/20 Pricing Forecast		£'000s	£'000s		£'000s	£'000s		£'000s	£'000s
Enhanced Capability Appliance	76	386	29336	26	386	10036	24	386	9264
Intermediate Capability Appliance	0	0	0	21	347	7287	49	347	17003
First Response Capability Appliance	0	0	0	30	288	8640	0	0	0
Small Fires Vehicle	3	238	714	0	0	0	4	238	952
Totals			30050			25963			26267

38. The recommended change does not attract any changes to the previously agreed risk review firefighter establishment.

ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMENT

39. An Impact assessment has been completed for the Intermediate and First Response Capabilities and has not identified any significant impacts. The additional cost of Intermediate Capability versus First Response Capability is balanced through the vehicle longevity. and has not identified any significant impacts. The additional cost of Intermediate Capability versus First Response Capability is balanced through the vehicle longevity.

LEGAL IMPLICATIONS

40. There are no legal implications identified within this paper.

EQUALITY IMPACT ASSESSMENT

41. An impact assessment has been made and the proposals in this report are considered compatible with the provisions of the equality and human rights legislation. There are no impacts identified.

RISK ANALYSIS

42. Option A, 2016 Risk Review disposition had a large proportion of FRC's, which cannot provide the capability first envisaged. This will have a negative impact on our county wide resilience. This could result in not providing a suitable capability for some incidents i.e. high rise, ship fires or major incidents such as Ocado.
43. Option A, a single vehicle on-call station provided with a FRC has limited compartment fire-fighting capability when compared with an IC or EC.
44. Option B, it could be perceived by crews that by changing the vehicle type it will demand a change to the crewing level and establishment for the station. This is not the case. The crewing level is linked to the risk profile not the vehicle.

RECOMMENDATION

45. That Hampshire Fire and Rescue Authority approve Option B, A revised two vehicle approach is taken and a new disposition of appliances plan is approved. This will match resources to risk with the knowledge that HFRS has in 2019.
46. That a revised disposition (as detailed in Appendix A) resulting in EC, IC and SFV's be approved by Hampshire Fire and Rescue Authority.
 - a. *Change from an FRC to an IC for RDS single vehicle stations*
 - b. *Change from an FRC to an IC for RDS two appliance stations*
 - c. *Change from an FRC to an IC for Andover, Winchester, Gosport, Havant and Fareham.*
 - d. *Change from an FRC to an IC at Hightown & Rushmoor*
 - e. *Change from an EC to an IC at SHQ and Basingstoke to better match resource to risk.*
 - f. *Swap the EC allocated to Lyndhurst with the IC allocated to New Milton to better match resource to risk.*
 - g. *The addition of a UHPL and MPN enabled SFV at Redbridge*
47. Subject to the approval of the revised disposition of appliances that an additional £0.462m is added to the capital programme over the next three years, to be funded from the Capital Payments Reserve.

APPENDICES ATTACHED

48. Appendix A Risk Review Disposition Map and Recommended Disposition Map.

BACKGROUND PAPERS

49. These recommendations are supported through the following reports;

[Frontline Capability technical paper v2.0](#)

[IC & FRC Pilot Plan](#)

[IC & FRC Pilot Evaluation report](#)

[7-Person Concept Report](#)

[Equality Impact Assessment](#)

Contact:

Assistant Chief Officer, Stewart Adamson.

Police and Fire Headquarters, Eastleigh

This page is intentionally left blank

Appendix A: Frontline Capability Review: Risk Review Disposition and Recommended Disposition Maps



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

APPENDIX A1 – Risk Review Disposition

-  **E** Enhanced x 26
-  **I** Intermediate x 21
-  **F** First Response x 30

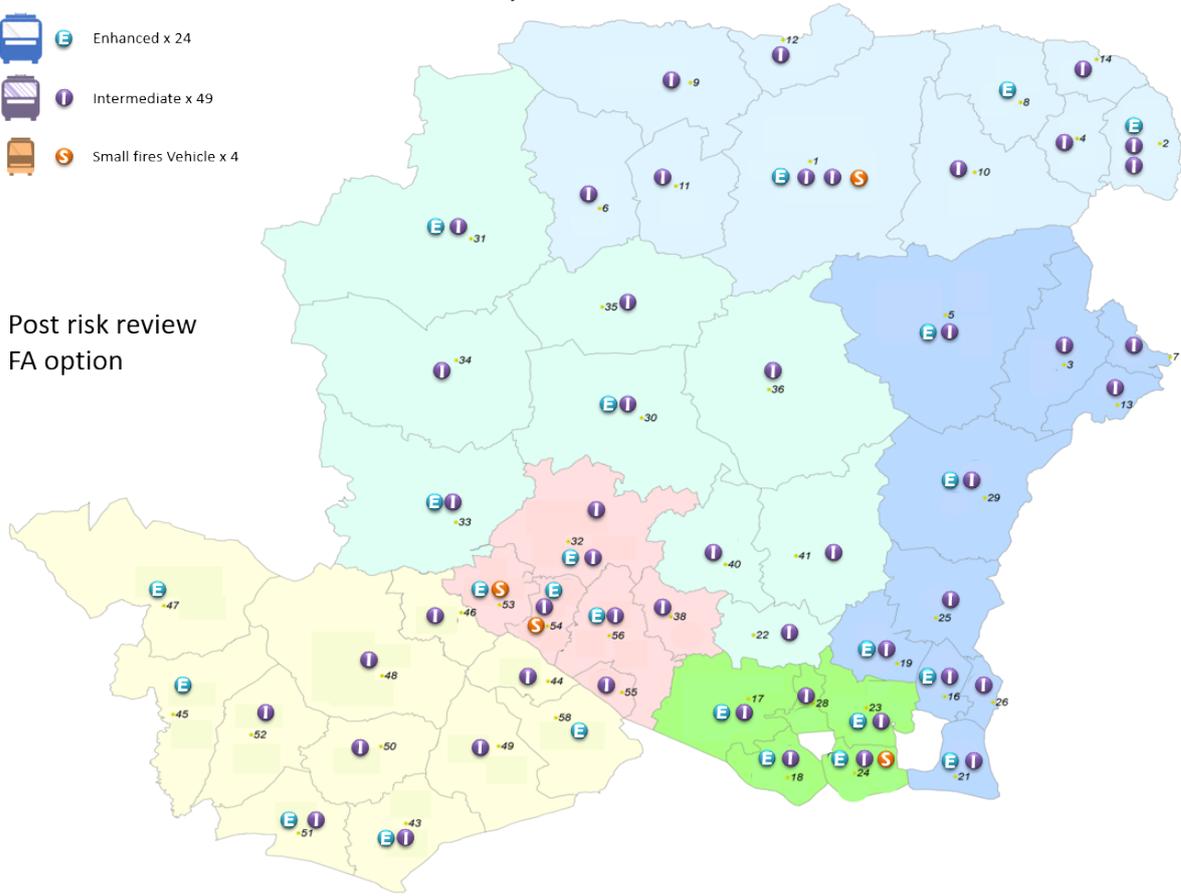
Risk Review option



APPENDIX A2 – Recommended Disposition

-  E Enhanced x 24
-  I Intermediate x 49
-  S Small fires Vehicle x 4

Post risk review
FA option





**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Purpose: Noted

Date: 17 July 2019

Title: **OCADO FIRE CONTRIBUTORY FACTORS**

Report of Chief Fire Officer

SUMMARY

1. At the beginning of February 2019 Hampshire Fire and Rescue Service (HFRS) responded to a commercial industrial fire at the Ocado Customer Fulfilment Centre (CFC), Walworth Industrial Estate Andover. The building was a warehouse used to store food and other supermarket goods prior to delivery.
2. Processes inside the building were highly automated with over 500 robots picking customer shopping ordered online. At the time the building was commissioned in 2015, the technology used was unique within the United Kingdom (UK).
3. As this was the first fire in UK involving a building of this nature, HFRS commissioned a review of the incident to examine the performance of both HFRS as responders and occupancy (Ocado plc) in respect of the fire. Separately, the Building Research Establishment (BRE) have been tasked with reviewing the performance of the building in relation to fire.
4. The review process has identified significant findings that were contributory factors in fire development.
5. The purpose of this report is to provide details of these significant factors and in doing so, assurance to Fire Authority Members of the extant Hampshire Fire and Rescue Authority (HFRA) sprinkler position statement of 2012.
6. This report is the first of two related to the Ocado Fire, a second and full report will be presented at the September 2019 HFRA meeting.
7. The report additionally requires the Authority to reaffirm its position on the HFRA Position Statement for Sprinklers, contained within **Appendix A**.

BACKGROUND

8. Ocado plc are a UK based technology company who have developed a highly automated process for facilitating online shopping orders.
9. The Ocado Andover CFC was a refurbishment of an existing high bay warehouse. During refurbishment the building was extended to the rear and five mezzanine levels created. The finished building volume was

approximately 500,000 m³ and was considered within the parameters of the 2010 Building Regulations Fire Safety Approved Document B volume 2 as a large and complex building.

10. The warehouse was designed around the concept of vertical picking. Within the warehouse were two areas approximately 120 m long by 80 m wide by 6 m high, known as grids. One grid was at ambient temperature, the other chilled. The grids were not designed for human access. Goods were picked by robots travelling autonomously on the upper surface of each grid. To protect the supermarket goods located within the grids from external influences, the warehouse had no openings at high level. The warehouse had its own private mobile data network to wirelessly transmit data to the robots.
11. This contrasts with traditional horizontal picking warehouses with aisles for forklift trucks that provide separation between the racking.
12. The CFC had an air sampling fire detection system designed to provide an early indication of a fire starting within the building. It also had a sprinkler system designed by the building's insurers (FM Global) to suppress a fire and hold it in check prior to the arrival of the FRS.
13. The fire was deep seated and located in a fuel dense area, impossible to access. Despite the collective efforts of HFRS and six supporting Fire and Rescue Services over four days the building was a total loss. All tactical options available to HFRS including ultra-high-pressure lance, compressed air foam and traditional hose lines were tried with no success. A major incident was declared during this period with residents requiring evacuation to local rest centres.

SUMMARY OF HFRS OCADO REVIEW FINDINGS

14. The review team has had access to Ocado owned CCTV footage from within the CFC that shows the ignition sequence and development of the fire.
15. Ignition occurred at 0141hrs due to arcing occurring in the charging process of a robot.
16. The air sampling fire detection system did not detect the fire as designed. The fire was detected visually by an engineer at 0215hrs, after approximately 30 minutes of sustained combustion and fire spread.
17. HFRS were not called at this point. Efforts are made by the Ocado engineers to deal with the fire themselves. The sprinkler system operated at 0226hrs.
18. During this period of activity, the sprinkler system is turned off by Ocado staff for a period of 5 minutes
19. When it is established that the fire is not extinguished, the sprinkler system is turned back on again by Ocado staff and HFRS are called via 999.

20. There was a period of 30 minutes from ignition to discovery and a further 30 minutes from discovery to first call.

ANALYSIS OF FINDINGS

21. Early intervention at this incident by HFRS was not achievable due to the time delay of 60 minutes between ignition, discovery and first call.
22. The absence of effective automatic fire detection allowed the fire to develop before discovery. This was then compounded by the subsequent unsuccessful attempts to tackle the fire before calling HFRS.
23. The sprinkler system was turned off for a period of five minutes. Fire growth during this period is significant. The deactivation of the sprinkler system can be considered a significant factor in its failure to effectively perform as designed.
24. Through the team dedicated to reviewing the Ocado Fire, HFRS have been working to clarify the evidence of cause and fire growth and are now able to report on this (as described in paragraph 22).
25. In reporting the cause of fire and fire growth, HFRS have identified the balance of public interest and policy setting against the commercial interests of Ocado. The publication of cause of fire and fire growth sets out that the HFRA Sprinkler Statement of 2012 remains valid as does advice and communications to the public on the use of installation and use of sprinklers within domestic and commercial premises.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

26. HFRS has a duty to support both the HFRA and that of the National Fire Chiefs Council's position on sprinkler system provision. In making this information publicly available it can be used both locally and nationally to assist in the championing of sprinkler systems to buildings
27. The 2012 HFRA Sprinkler position statement continues to be central means for the HFRA to assist in meeting their obligations to prevent and protect within the 2018 National Fire & Rescue Service framework document.
28. Furthermore, the 2012 HFRA Sprinkler position statement is a component of the Service Plan for a safer Hampshire.

CONSULTATION

29. The consultation strategy followed has been in line with the stakeholder engagement analysis conducted at the project outset. Although there is no statutory duty to consult efforts to maintain a continued dialogue through face to face, telephone and video conferencing have been made.
30. Key external stakeholders include Ocado plc and the Buildings Research Establishment (BRE).
31. There is the potential to further the relationship established with Ocado plc that would improve the fire safety design and features within future CFCs.

RESOURCE IMPLICATIONS

32. There are no additional resource implications associated with this report outside of business as usual activities.

ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMENT

33. There are no negative impacts for environment or sustainability identified within this report.

LEGAL IMPLICATIONS

34. The Fire & Rescue Framework for England places high level expectations on Fire and Rescue Authorities to promote public safety.
35. Specifically, the framework places a requirement to share details to improve the evidence base of what works best and what is cost effective in prevention and protection activities.
36. Within this context sharing the knowledge of how the sprinkler system was utilised can be viewed as legislative compliance by the authority.

EQUALITY IMPACT ASSESSMENT

37. The proposals in this report are considered compatible with the provisions of equality and human rights legislation.

OPTIONS

38. This report provides a mechanism for HFRA to make an informed, continued endorsement of their Sprinkler position statement.
39. In relation to the report there is one option:
 - (a) Note the contents of the report and to reaffirm the 2012 Sprinkler Position statement documented in Appendix A.

RISK ANALYSIS

40. As detailed in paragraph 24, the balance that exists between public interest and policy settings, against the commercial interests of Ocado has been identified. The priority identified of public interest of national and local promotion of sprinkler systems over commercial interests has the potential to impact on future relationship with other commercial organisations.

EVALUATION

41. HFRS has effectively managed all stakeholders identified within the scope of the review commissioned. This has resulted in co-operation and information exchanges that would not have been possible otherwise.
42. This has in turn, helped inform HFRS post incident understanding of fire ignition, fire growth and development and HFRS response performance.

43. The learning identified by the review to date has been fed back into the organisation, where it has been used to drive improvement where necessary and to recognise exemplary practice.

CONCLUSION

44. The system failure and human factors described within this report are important in understanding the overall effectiveness of the sprinkler installation within the CFC building. They can be viewed as contributory to the eventual outcome of this incident.
45. A full report of the Ocado fire, including all organisational learning, will be made available to the FRA on conclusion of the review in September 2019.

RECOMMENDATION

46. That the contents of this report be noted by Hampshire Fire and Rescue Authority.
47. That the Authority reaffirm its position statement as outlined in the HFRA Position Statement for Sprinklers contained in Appendix A.

Appendices:

Appendix A: HFRA Position Statement for Sprinklers – September 2012

Contact: Shantha Dickinson, Director Performance and Assurance,
Shantha.dickinson@hantsfire.gov.uk,

This page is intentionally left blank

Hampshire Fire and Rescue Authority (HFRA) Position Statement for Sprinklers – September 2012

Sprinklers

Hampshire Fire and Rescue Authority play a key leadership role in promoting a better understanding of the benefits of sprinkler systems. Accordingly, the Authority works to encourage building owners and developers to install these systems where there is a case for doing so, for example, where there are risks to people, or where there is a clear business case in terms of cost and benefit.

Sprinklers can add clear value and are proven to save lives and property. They improve firefighter safety, minimise environmental damage and reduce the economic cost of fire. Hampshire Fire and Rescue Authority proactively endorses the installation of sprinkler systems.

Refurbished buildings (retro fit)

Where significant refurbishment or upgrade is being planned in buildings which are occupied by vulnerable people, we advocate the installation or retro fitting of sprinklers. In older buildings, built to earlier standards, the level of risk may no longer be acceptable and the retro fitting of sprinklers may be appropriate to overcome the risks.

HFRA will promote and campaign for the use of fire sprinklers in high risk premises to enhance and improve public and firefighter safety.

Sprinklers in schools

The prevention of fires in educational establishments remains a priority for us because of their standing as a public and community asset and their importance for the educational wellbeing of children. Moreover the loss of coursework, the implications in terms of wider economic and social costs, property protection and environmental damage means fires in schools have far reaching consequences. Schools also tend to be a target for arsonists.

HFRA recommends that new schools should have sprinklers fitted. In exceptional circumstances, where the risk is determined to be low, alternative fire precautions may be considered.

Sprinklers in residential care premises

Fire deaths and injury data indicates that those most at risk are children, older people, people with mental health problems, and particularly those with mobility problems who are unable to leave buildings easily. These buildings are an asset to the community due to their importance in looking after those most vulnerable and remain a priority for us to protect.

HFRA strongly recommends that all new residential care homes should be fully fitted with sprinklers for the protection of residents from fire.

Sprinklers in high rise buildings

Fires in this type of building can present additional risks and considerations for the occupants and firefighters. The design and construction of these buildings delay intervention by the fire service meaning fires can escalate.

HFRA will campaign for sprinklers to be a mandatory requirement in all buildings above 30 metres in height.

Sprinklers in commercial buildings

The risks to firefighters in large commercial buildings are substantial due to the size and the potential for rapid collapse of the building. This is particularly relevant when considering modern methods of construction. Sprinklers would assist to reduce risks associated with fire fighting operations. The presence of more large commercial buildings with sprinklers will aid growth in the economy as it will reduce business losses from fire as fewer businesses will financially fail or be forced to relocate. It has been recorded that the carbon footprint of a building increases by a factor of three when destroyed by fire. The environmental impact of fires in commercial premises is great. Using sprinklers to control fires will reduce this impact on the environment.

HFRA will promote the installation of sprinklers in all large commercial buildings on the basis of improved firefighter safety.

Sprinklers in timber framed constructed buildings

Unlike a traditionally built property, a timber framed building is at the greatest risk of fire during the construction phase due to the amount of exposed and unprotected combustible elements. Fires in timber framed buildings have resulted in very rapid fire development leading to early structural collapse, and the severity of radiant heat generated has caused fire spread to neighbouring buildings up to 30 metres away.

HFRA recommend that substantial timber framed buildings are installed with sprinklers and installation should be completed early to protect the building during the highest risk construction phase.

Sprinklers in domestic premises

Fire safety measures such as smoke detectors may sometimes not be sufficient to protect the most vulnerable when there is a fire within their home, due to their inability to evacuate themselves. This vulnerability can be due to a number of factors including lifestyle characteristics and physical mobility. The ageing population and changes in social care policy mean that more vulnerable people are remaining in their own homes.

HFRA recommends that sprinklers should be installed in people's homes, such as social housing, where those people are more likely to be vulnerable from fire.

Public Document Pack Agenda Item 10

AT AN EXTRAORDINARY MEETING of the HFRA Standards and Governance Committee held at Fire and Police HQ, Eastleigh on Tuesday 11th June, 2019

Chairman:

* Councillor Liz Fairhurst

* Councillor Jonathan Glen

* Councillor Roger Price

* Councillor Geoffrey Hockley

* Councillor Sharon Mintoff

*Present

Also present with the agreement of the Chairman:
Councillor Chris Carter, Chairman of the Fire Authority

65. **APOLOGIES FOR ABSENCE**

All Members were present and no apologies were noted.

66. **DECLARATIONS OF INTEREST**

Members were mindful of their duty to disclose at the meeting any Disclosable Pecuniary Interest they had in any matter on the agenda for the meeting, where that interest was not already entered in the Authority's register of interests, and their ability to disclose any other personal interests in any such matter that they might have wished to disclose.

67. **MINUTES OF PREVIOUS MEETING**

The minutes of the last meeting were reviewed and agreed.

68. **DEPUTATIONS**

There were no deputations on this occasion.

69. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make on this occasion.

70. INTERNAL AUDIT PROGRESS REPORT 2018/19

The Committee considered a report of the Chief Internal Auditor providing an overview of internal audit work completed in accordance with the approved audit plan, and an overview of the status of “live” reports (Item 6 in the Minute Book).

Members noted that this was a regular update report to the Committee and it was highlighted that there were some audits which remained as work in progress. Officers explained that work was continuing to ensure that these were completed before the annual opinion which would be brought to the July meeting of the Committee. Attention was drawn to Section 5 of the report (page 20 of the agenda pack), which highlighted the reports published concluding a limited or no assurance opinion. Members raised questions in relation to cyber security, and it was explained that there were many effective processes in place to ensure security, but a key concern was that server operating system and application updates were not always being applied promptly to mitigate against known vulnerabilities. Members noted that there were now dedicated officers working in the area of cyber security and corrective actions had been agreed with responsible managers. Officers also explained other measures in place such as highlighting the importance of password strength to users, and increasing awareness to emails received from outside the organisation. Whilst these measures were in place, the importance of documenting and evidencing for audit purposes was emphasised. The issue around pay claims was discussed and it was noted that this focussed on ensuring that the correct people were paid the correct allowance, and it was explained that there was subsequent monitoring of this. A query was raised regarding pension issues in relation to allowances and officers explained the processes in place for monitoring this, and this was part of a wider piece of work which was ongoing in conjunction with the payroll department.

Members had some concerns around the number of limited assurances in the report and Officers explained that there had been significant changes in the organisation which could have contributed to this including staff changes, IT restructuring and the complexity of some of the issues. Officers were confident that with the right resources in places, and the position in a year’s time would be more positive. It was noted that all outstanding audit actions would be continually tracked until completion, and the Committee would be updated by means of a regular progress report brought to each meeting.

RESOLVED:

That the Standards and Governance Committee noted and will continue to monitor the progress in delivering the internal audit plan for 2018/19 and the outcomes to date.

71. HFRS REPORT ON MANAGEMENT ACTIONS

The Committee considered a report of The Chief Fire Officer on progress made towards the implementation of internal audit management actions (Item 7 in the Minute Book).

The report was introduced and it was highlighted that there were a number of high and medium priority actions which were currently outstanding beyond their agreed target date, and detailed at page 34 of the agenda pack. Members noted that in relation to safeguarding actions, resources had been allocated in relation to these, and that the scale and complexity of some of these issues had been underestimated, which had led to the delay in completion.

It was explained that in relation to the action of debt collection, that where instances had occurred which had resulted in overpayment, a stepped approach would be followed to enable this to be repaid over the same length of time that the initial overpayment had occurred. In response to a Member's query, officers would explore whether the issue of overpayments should be a generic issue relating to shared services, and whether this should be reported differently going forward. The initial management response in relation to each limited opinion was also explained to Members as set out in pages 36-37 of the agenda pack.

A discussion ensued around the proposal to increase the number of Standards and Governance Committees from two to four meetings a year. Members agreed to the proposals to increase the number of meetings and agreed that the Clerk would liaise with Members around the timing of these.

RESOLVED:

- i) That the Standards and Governance Committee noted the progress made towards the implementation of the internal audit management actions.
- ii) That the Standards and Governance Committee agreed to increase the number of future meetings from two to four a year, and for the Clerk to liaise with Members around the timing of these.

72. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT PLAN 2019/20

The Committee considered a report of the Chief Internal Auditor regarding the Internal Audit Charter and Internal Audit Plan 2019/20 (Item 8 in the Minute Book).

Members were led through the report and it was heard that there had been no changes to the Internal Audit Charter for 2019/20 since the Committee last reviewed it in 2018, and there had been discussions with Managers in relation to areas for inclusion in the Audit Plan. Officers explained that the Plan was designed to validate the assurance and control framework within the Authority and Members attention was drawn to Appendix B of the report which provided detail of the scope of the Plan.

The importance of also focusing on areas of weaknesses was highlighted to ensure that these areas were properly addressed. Members noted the reference to the role of Director of Professional Services on page 47 of the agenda pack, and it was explained that this was in error and this role no longer existed.

It was also heard that there had been a change in the approach to providing assurance for the Integrated Business Centre under the International Standard on Assurance Engagements (ISAE 3402), and Ernst and Young had been appointed to provide this assurance going forward.

The Chairman of the Fire Authority extended his thanks to the Internal Audit Team for their reporting and clear approach going forward.

RESOLVED:

That the Standards and Governance Committee approved the Internal Audit Charter and the 2019/20 Internal Audit Plan for Hampshire Fire and Rescue Authority.

Chairman,

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank