

# Public Document Pack



**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## NOTICE OF MEETING

<i>Meeting</i>	<b>Hampshire and Isle of Wight Fire and Rescue Authority</b>	<i>Clerk to the Hampshire &amp; Isle of Wight Fire and Rescue Authority</i> <b>CFO Neil Odin</b>
<i>Date and Time</i>	<b>Tuesday 5th December, 2023 10.30 am</b>	<i>Fire &amp; Police HQ</i> <i>Leigh Road,</i> <i>Eastleigh</i> <i>Hampshire</i> <i>SO50 9SJ</i>
<i>Place</i>	<b>Room X - Hampshire &amp; IOW Fire &amp; Police HQ, Eastleigh</b>	
<i>Enquiries to</i>	<b><u><a href="mailto:members.services@hants.gov.uk">members.services@hants.gov.uk</a></u></b>	

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

### 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 - 10 OCTOBER 2023** (Pages 5 - 12)

To review and approve the open minutes from the Full Authority meeting that took place on 10 October 2023.

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**

To receive any updates from Members of the Combined Fire Authority.

7     **AMENDMENTS TO CONTRACT STANDING ORDERS (TO FOLLOW)**

To consider a report from the Monitoring Officer, which details proposed amendments to constitutional documents.

8     **QUARTER 2 BUDGET UPDATE REPORT (Pages 13 - 44)**

To consider a report from the Chief Financial Officer, which sets out the quarter two forecast position for the Authority and provides financial updates following the Budget Report in February 2023.

9     **2023/24 MID-YEAR PERFORMANCE UPDATE REPORT (Pages 45 - 72)**

To receive a report from the Chief Fire Officer, which explores how the Service performed against our priorities over the last six months.

10    **PROPERTY MATTERS (Pages 73 - 76)**

To receive a report from the Chief Fire Officer that summarises property related matters where action has already been taken under delegated authority.

11    **PENSIONS ARRANGEMENTS (Pages 77 - 82)**

To receive a report from the Chief Financial Officer, which sets out the arrangements for the administration of pensions within the service.

12    **OPEN MINUTES FROM THE 3SFIRE CIC STAKEHOLDER COMMITTEE - 10 OCTOBER 2023 (Pages 83 - 84)**

To receive the open minutes from the 3SFire Stakeholder Committee meeting that took place on 10 October 2023.

**13 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 Paragraphs 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.

**14 EXEMPT MINUTES FROM THE 3SFIRE CIC STAKEHOLDER COMMITTEE - 10 OCTOBER 2023 (Pages 85 - 86)**

To receive the exempt minutes from the 3SFire Stakeholder Committee meeting that took place on 10 October 2023.

**ABOUT THIS AGENDA:**

This agenda is available through the Hampshire & Isle of Wight Fire and Rescue Service website ([www.hantsfire.gov.uk](http://www.hantsfire.gov.uk)) and can be provided, on request, in alternative versions (such as large print, Braille or audio) and in alternative languages.

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# Agenda Item 3

AT A MEETING of the Hampshire and Isle of Wight Fire and Rescue Authority  
held at Fire & Police HQ, Eastleigh on Tuesday, 10th October, 2023

Chairman:

\* Councillor Rhydian Vaughan MBE

\* Councillor Zoe Huggins  
\* Councillor Fran Carpenter  
\* Councillor David Drew  
\* Councillor Sally Goodfellow  
Councillor David Harrison

\* Councillor Karen Lucioni  
\* Councillor Hugh Lumby  
Councillor George Madgwick  
\* Councillor Derek Mellor  
\* Councillor Roger Price

\* Present

Also present with the agreement of the Chairman: Cllr Nick Chard, Chairman of Kent and Medway Fire and Rescue Authority and Officers from Kent Fire and Rescue Service.

## 199. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors George Madgwick and David Harrison. Donna Jones, Police and Crime Commissioner for Hampshire also sent her apologies.

## 200. **DECLARATIONS OF INTEREST**

Members were mindful to disclose to the meeting any disclosable pecuniary interest they may have in any matter on the agenda for the meeting, where that interest was not already entered in the Authority's register of interests, along with any other pecuniary or non-pecuniary interests in any such matter that Members wished to disclose.

## 201. **MINUTES OF PREVIOUS MEETING - 25 JULY 2023**

The minutes of the last meeting were reviewed and agreed.

## 202. **DEPUTATIONS**

There were no deputations for the meeting.

## 203. **CHAIRMAN'S ANNOUNCEMENTS**

After welcoming observers to the meeting, the Chairman shared that five specialist search and rescue firefighters had been deployed to Morocco as part of the UK International Search and Rescue (ISAR) team providing specialist help following the devastating earthquake. While in Morocco, the UK ISAR team received a letter from Mohammed VI, King of Morocco, thanking them for their assistance with the operation.

On the 4 October, a LIVEX 2023 exercise had taken place, arranged by the

Local Resilience Forum. It included setting up a Strategic Coordinating Centre at Headquarters and two tactical centres, one on the mainland and one on the Isle of Wight and the purpose was to rehearse multi-agency tactical and strategic response, and how partner agencies reacted to information as if it was a real event.

The Chairman confirmed that new live fire facilities were in place, which provided realistic burning and multi floor and scenario-based training to further support operational teams in their development. The first students were expected to utilise it in the middle of October.

Finally, the Chairman shared the sad passing of Geoff Hockley, who served on the Fire Authority between June 2019 and May 2021. Condolences were sent to Geoff's friends and family on behalf the Fire Authority.

## 204. **MEMBER DEVELOPMENTS**

Members of the Authority provided the following updates:

- The Chairman, Councillor Rhydian Vaughan had attended:
  - 26 July - Prince's Trust events on the Isle of Wight and Basingstoke.
  - 8 September – The unveiling of a commemorative plaque in honour of firefighters Alan Bannon and James Shears, who died in the line of duty at the Shirley Towers fire in 2010.
  - 9 September – Basingstoke Fire Station open day
  - 27 September – Fire Commission meeting
- Vice Chairman Zoe Huggins had welcomed an increase in Prince's Trust and Cadet programme attendance and welcomed any questions from Members of the Authority on the schools education programme ahead of a meeting on the 18 November.
- Councillor Roger Price had attended:
  - 7 September – Local Government Association (LGA) conference
  - 8 September – Prince's Trust event in Sandown on the Isle of Wight
  - 14 September – Scheme Advisory Board (SAB) Pension meeting
  - 19 September – SAB Pension conference
  - 27 September – Fire Commission meeting
  - 6 October – Fire Service Management Committee meeting.
- Councillor Sally Goodfellow had attended the Eastleigh Pride event on 9 September and thanked White Watch crew at Shirley Warren for their assistance in filling a pop-up swimming pool at Shirley Warren Primary school. Councillor Goodfellow expressed her disappointment at not being able to attend the commemorative event or the Redbridge Prince's Trust celebration due to a diary clash. A colleague from Southampton City Council was able to attend the Prince's Trust event on her behalf.
- Councillor Karen Lucioni had attended media training at HIWFRS as well as the Prince's Trust event with Councillor Price on the 8 September. Several of the fire stations on the Isle of Wight had also been visited to

see the upgrades that had taken place.

- Councillor Fran Carpenter thanked HIWFRS firefighters for their assistance at a house fire close to where she lived.
- Councillor Hugh Lumby thanked officers for organising the Basingstoke Fire Station visit as well as the Service at Droxford Fire Station for their quick response to a local incident.
- Councillor Derek Mellor had attended a Rushmoor Cadets event and informed Members of training coming up for the Standards and Governance Committee on pensions.
- Councillor George Madgwick provided an update via Councillor Price confirming that he had attended three Fire Station open days over the past few months as well as a '999' day at Port Solent.

## 205. Q1 BUDGET UPDATE REPORT

The Full Authority considered a report from the Chief Financial Officer (item 7 in the minute book), which set out the quarter one forecast position for the Authority and provided financial updates following the Budget Report from February 2023.

The officer summarised the report, highlighting that it was the second year of a two year efficiency plan which would deliver £1.3m in order to balance the budget. The bulk of the savings had been delivered by the removal of a senior management post, property related savings, additional income and focused management of resources within the Operations Directorate.

During questions on the report, Members learned the following:

- There were still some difficulties sourcing on-call firefighters during the day but there were plans in place to improve availability.
- The audits had been signed by the Authority in draft form, but were currently unaudited externally due to the national delays

Members were pleased to hear that there had been a recent successful recruitment of new firefighters and an induction process had been put in place.

It was noted that there was some minor tweaks required to the forecast numbers in paragraph 8 of the report, but the overall totals were correct. The correct table is as follows:

Table 2	Budget	Forecast	Over / (under) spend
	£'000	£'000	£'000
Wholetime Firefighters	40,427	40,196	(231)
On-call Firefighters	9,011	7,309	(1,702)
Staff	16,448	16,866	418
Other Employee Costs	2,147	2,147	0

Premises	8,003	7,918	(85)
Transport	1,779	1,887	108
Supplies and Services	9,444	9,708	264
Third Party Payments	2,619	2,799	180
Income	(3,352)	(3,167)	185
<b>Net Service Expenditure</b>	<b>86,526</b>	<b>85,663</b>	<b>(863)</b>
Contingency	500	500	0
Capital financing	1,029	1,029	0
<b>Net Expenditure</b>	<b>88,055</b>	<b>87,192</b>	<b>(863)</b>
Funding	(88,055)	(88,081)	(26)
<b>Net Position</b>	<b>0</b>	<b>(889)</b>	<b>(889)</b>

## RESOLVED

a) The forecast outturn position for financial year 2022/23 was noted by the HIWFRA Full Authority, including the minor updates to the table in paragraph 8 of the report as above.

b) The updated capital programme forecasts (appendices A1 and A2) were noted by the HIWFRA Full Authority.

c) The quarterly prudential indicators (appendix B) were noted by the HIWFRA Full Authority.

d) The quarterly treasury management update report including the treasury management indicators (appendix C) were noted by the HIWFRA Full Authority.

e) The sale of pooled fund investments (paragraph 32) were noted by the HIWFRA Full Authority.

## 206. FUNDING FOR IN-HOUSE HR TEAM

The Full Authority considered a report from the Chief Fire Officer (item 8 in the minute book), which outlined the options for establishing an in-house Human Resources (HR) team following a review of the Shared Services Partnership (SSP) undertaken in 2022.

The report was summarised and it was highlighted that a modern casework system would assist in addressing the theme of misconduct highlighted in the His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) report.

During questions on the report and proposals, Members learned the following:

- Staff would be upskilled and untrained to assist with pensions, but this area would still largely fall under finance and therefore was not significantly affected by the HR proposals



- The proposals could be assessed by Authority once implemented and embedded to assess how the arrangements were working.
- There was a commitment to reduce the potential for redundancies and posts would be ring-fenced in the new embedded teams for them to transfer to.
- HR was a vital practice and work forces were more complex diverse, making it more important to be considered fully.
- The proposals were subject to funding and so agreement was only being sought in principal. More details would become available closer to the budget-setting process.

#### RESOLVED

a) Option 3 (outlined in paragraph 24) and the required funding was approved by the Fire Authority (subject to affordability).

b) Funding for one-off redundancy costs estimated to be between £0-250k, was approved by the Fire Authority.

c) Ongoing funding for the HR casework system of £18k per annum was approved by the Fire Authority.

#### 207. **SAFETY PLAN 2025-30: APPROVAL OF STAGE 1 REPORT AND AGREEMENT TO STAGE 2**

The Authority considered a report from the Chief Fire Officer (item 9 in the minute book) on findings of what reasonably foreseeable fire and rescue related risks could be faced in the community as part of the completed Stage 1 and plans going forward for Stage 2.

The officer summarised the report, confirming that a peer assessment had been done with Kent and Medway Fire and Rescue Authority, which had been very beneficial.

Members welcomed the report and praised officers for the work undertaken.

#### RESOLVED

a) The continuing approach to produce the Fire Authority's next Safety Plan was noted by the HIWFRA Full Authority.

b) The Stage 1 report (at Appendix A) capturing foreseeable fire and rescue related risk was approved by the HIWFRA Full Authority for publication on the HIWFRS's website.

208. **MINUTES FROM THE STANDARDS & GOVERNANCE COMMITTEE - 24 JULY 2023**

The minutes of the Standard and Governance Committee were received by the Authority.

209. **MANAGING FIRE CONTAMINANTS**

The Authority considered a report from the Chief Fire Officer (item 11 in the minute book), which updated the Fire Authority on the work, action taken to date and continued action required to further mitigate and manage the complex impacts of fire contaminants.

The officer summarised the report, highlighting that managing contaminants was a national issue for the sector with additional complexities around ways of working.

During questions on the report, the following was confirmed to Members:

- Domestic fires generally contained more plastics and dangerous substances but toxins and gases were monitored.
- Fire retardant could be dangerous and so feedback was regularly given to the Fire Executive to consider its use.
- It was accepted that it could be more challenging to change the habits of longer serving fire fighters and would require a general shift in culture and ways of working
- It was accepted that it would be an expensive process to upgrade buildings and equipment and a letter had been sent to central government asking for funding.

**RESOLVED**

a) £1.3m funding was approved for inclusion in the 2024/25 budget subject to affordability by the HIWFRA Full Authority to implement 2024/25 improvements.

b) The creation of two new establishment posts, to manage the equipment implications and to continue research and development, and their associated revenue budget were approved for inclusion in the 2024/25 budget subject to affordability by the HIWFRA Full Authority.

c) The ambition to utilise the new capacity within research and development to lead and influence, including via the National Fire Chiefs Council and wider fire sector was noted by the HIWFRA Full Authority.

d) It was noted that the funding for equipment and PPE considered as part of the Medium Term Financial Plan would be reported to the Authority in February 2024.

e) The need for future investment for On Call fire stations, subject to a further report being presented for consideration, was noted by the HIWFRA Full Authority.

f) The need for future investment in the management and decontamination of vehicles, subject to a further report being presented for consideration, was noted by the HIWFRA Full Authority.

**210. EXCLUSION OF PRESS AND PUBLIC**

There was no requirement to exclude the press and public from the meeting and therefore this resolution was not required.

**211. Q1 BUDGET UPDATE REPORT - EXEMPT APPENDIX**

This exempt appendix was considered as part of the main report at agenda item 7 (minute 205).

**212. MANAGING FIRE CONTAMINANTS - EXEMPT APPENDIX**

This appendix was considered along with the main report at item 11 (minute 209).

**213. EXEMPT MINUTE FROM FULL AUTHORITY - 25 JULY 2023**

The exempt minute was approved.

**214. EXEMPT MINUTE FROM FULL AUTHORITY - 25 JULY 2023 - MEMBERS ONLY**

The exempt minute was approved.

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Chairman,

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**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Full Authority**

Purpose: Approval

Date: **5<sup>th</sup> December 2023**

Title: **QUARTER TWO BUDGET UPDATE REPORT**

Report of Chief Financial Officer

### SUMMARY

1. This report sets out the quarter two forecast position for the Authority and provides financial updates following the Budget Report in February 2023.
2. An underspend of £698,000 is currently forecast against the revenue budget (c.0.75%).
3. An efficiency plan is in place to deliver cashable efficiencies and as a means of reinvesting in enhancing the Service, with progress being made in delivering these efficiencies in line with the Efficiency Plan.
4. An update on the delivery of the capital programme is also included in this report and highlights that approximately £37m of expenditure is currently expected to take place this year with a further £36m in future years, although the timing of expenditure across years may vary.
5. The report also meets the requirements of the Prudential Code and Treasury Management Code by reporting on the prudential indicators and providing a treasury management update including the treasury management indicators.
6. Updates on reserves and the latest position with the audit of the 2022/23 statement of accounts are also included within the report.
7. The report also recommends that £690,000 of one-off additional income from interest on balances is transferred to the Capital Payments Reserve to

be used as a contribution to the costs of the Fire Contaminants work identified at the October Fire Authority.

## BACKGROUND

8. The Authority approved the 2023/24 revenue budget and precept in February 2023, alongside an updated Medium Term Financial Plan (MTFP). The Authority also approved updates to the capital programme, the Reserves Strategy, the Treasury Management Strategy and the Capital and Investment Strategy and received the Efficiency Plan for 2023/24. The Authority received a further update on the financial position of the service in October 2023.

## 2023/24 BUDGET MONITORING

9. This section covers the overall monitoring position. The forecast position for the Authority in 2023/24 is an underspend of £698,000. A breakdown of the position is set out below:

<b>Table 1</b>	<b>Budget</b>	<b>Forecast</b>	<b>Over / (under) spend</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wholetime Firefighters	40,669	41,038	369
On-call Firefighters	9,021	7,312	(1,709)
Staff	16,619	16,568	(51)
Other Employee Costs	2,285	2,448	163
Premises	8,183	8,459	276
Transport	2,097	2,357	260
Supplies and Services	8,741	8,880	139
Third Party Payments	2,696	2,918	222
Income	(4,022)	(4,363)	(341)
<b>Net Service Expenditure</b>	<b>86,289</b>	<b>85,617</b>	<b>(672)</b>
Contingency	500	500	0
Capital financing	1,029	1,029	0
Planned contributions to reserves	5,850	5,850	0
<b>Net Expenditure</b>	<b>93,668</b>	<b>92,996</b>	<b>(672)</b>
Funding	(93,668)	(93,694)	(26)
<b>Net Position</b>	<b>0</b>	<b>(698)</b>	<b>(698)</b>

10. The overall forecast is an underspend of £0.698m. This is made up of a significant underspend on on-call firefighters, partially offset by small

overspends elsewhere. The position is still subject to some degree of uncertainty, particularly around non-pay inflation. The forecast underspend is slightly lower than the £0.889m forecast at the end of Quarter 1 that was reported to the Authority in October.

11. The pay award for non-operational staff was agreed in November at the higher of £1,925 or 3.88%. This is in line with the assumptions contained within the forecast.
12. Recruitment and retention of on-call firefighters remains a challenge for our service and nationally for the sector. Additionally, the second quarter of the year was relatively quiet in terms of incidents for the on-call teams. The investment in on-call teams made by the Authority in this financial year will see a series of improvements, including targeted On-call Support Officers, delivered throughout the year. Improved recruitment and retention will likely reduce this underspend in the medium term, as will any peaks of operational activity.
13. There is a pressure on transport which relates to firefighters' travel costs and the costs of maintenance and repair. Some of this pressure will be offset by income from other local authorities. The supplies and services pressure is partly due to non-pay inflation as well as the costs of supporting employees to return to work or manage physical and mental health issues.
14. There is a pressure on third party payments due to higher than budgeted costs of the Networked Fire Services Partnership (NFSP). This pressure primarily relates to preparatory work for the control system procurement.
15. The service budget for income from the investment of balances is based on a standard level of reserve balances and a prudent assumption on the return on investment. In the past few years, the overall reserve balance has been higher due to delays in the capital programme. There is now significant progress in that programme but balances are still higher than would normally be expected. Additionally, interest rates are significantly higher than in recent years. These factors combined mean there is some one-off additional income from interest. Reducing reserve balances mean that this will not continue into future years at this level so it is a one off benefit. It is proposed that this one-off additional income is added to the Capital Payments Reserve as a contribution to the costs of the Fire Contaminants work identified at the October Fire Authority. This contribution is reflected in the position above.

## EFFICIENCIES

16. The Efficiency Plan for 2023/24 was presented to the Authority as part of the budget report in February 2023, setting out how the service has delivered and plans to deliver efficiency improvements.
17. Efficiencies are intended to achieve at least one of the following objectives:
  - (a) Deliver cashable savings that reduce the overall service spend
  - (b) Limit future cost increases
  - (c) Enable our people to support our communities more effectively.
18. This is the second year of a two-year efficiency plan which will deliver £1.3m in order to balance the budget. The bulk of these savings have been delivered by the removal of a senior management post, property related savings, additional income and focused management of resources within the Operations Directorate.
19. In addition, the Safety Plan Year 4 priorities include the delivery of 3% efficiencies during the year across workforce and non-pay headings. These efficiencies will be used to reinvest in the service to deliver improved outcomes for our communities. A programme of work within the Operations Directorate to better target resources to need will make a significant contribution towards this total. Other examples of efficiencies delivered to date include savings on IT contracts and anticipated efficiencies delivered in operational training by realising the benefits of the new live fire training facility.

## DELIVERY PRESSURES

20. The Authority approved in principle and subject to affordability the following essential items to be added to the 2024/25 revenue budget:
  - (a) Additional forecast costs relating to the re-procurement of the Control System
  - (b) Additional costs for an enhanced in-house HR service
  - (c) Additional posts to support work on the management of fire contaminants.
21. The funding of these items, alongside current service expenditure, will be considered during the budget setting process.



## CAPITAL PROGRAMME

22. The Authority received an update on the capital programme as part of the Q1 Budget Update Report in October. There are no proposed additions to the programme at this stage and the budget setting report in February will include the proposed forward capital programme.

Prior years £'000	Table 2	Forecasts			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	Future £'000
19,405	Estate	21,437	7,628	6,532	310
11,864	Vehicles	14,694	12,293	5,104	1,854
439	Carbon reduction	841	500	500	1,000
<b>31,708</b>	<b>Total capital</b>	<b>36,972</b>	<b>20,421</b>	<b>12,136</b>	<b>3,164</b>
2,499	Revenue CPR investments	425	411	0	0
<b>34,207</b>	<b>Total</b>	<b>37,397</b>	<b>20,832</b>	<b>12,136</b>	<b>3,164</b>

23. The most significant elements of the programme relate to the vehicle replacement programme and investment in the estate as well as investments in carbon reduction to support the approved Carbon Reduction Pathway.
24. Inflationary pressures continue to create risks to the capital programme, relating both to the potential for increased scheme costs and to the impact inflation has had on interest rates. The Authority has approved prudential borrowing of up to £37.45m as part of the approved capital programme and the Chief Financial Officer continues to be advised by Arlingclose on the most cost-effective way to undertake external borrowing.

## 2024/25 BUDGET SETTING

25. The process of setting the 2024/25 budget is well underway within the service. A detailed review of budgets has been undertaken with budget holders to ensure that individual budgets are robust for 2024/25.
26. At the time of writing some key information needed to understand the overall service position is not yet available. Following the agreement of the Local Government (green book) pay award all pay awards for the current financial year are now resolved. However, there is no information about pay awards for next financial year, a significant factor in the service as such a high proportion of spend is on pay.

27. The results of the triennial actuarial valuation of the Firefighters pension scheme are expected imminently. It is likely that this will result in a significant increase in the employer's contribution rate. For context a 1% increase in rate would result in an increase of £360,000. The assumption within the budget scenarios set out below is that a grant is provided to cover the additional costs of employer's pension contributions for financial year 2024/25. Were that not to be the case, the forecast position would deteriorate considerably.
28. The rate of inflation has reduced and is forecast to reduce further by the end of the financial year, however it remains significantly higher than in recent years. Lower rates of inflation do not mean prices are falling, simply that they are not rising as quickly as before, so any level of positive inflation requires a corresponding increase in income and/or funding. The translation of inflation in the general economy to inflation within the service is also not straightforward.
29. There is very limited information available about funding for next year. However, to give an indication of what the position may look like, two scenarios have been modelled in the table below. Both are based on prudent assumptions about pay and non-pay inflation and modest grant funding increases.

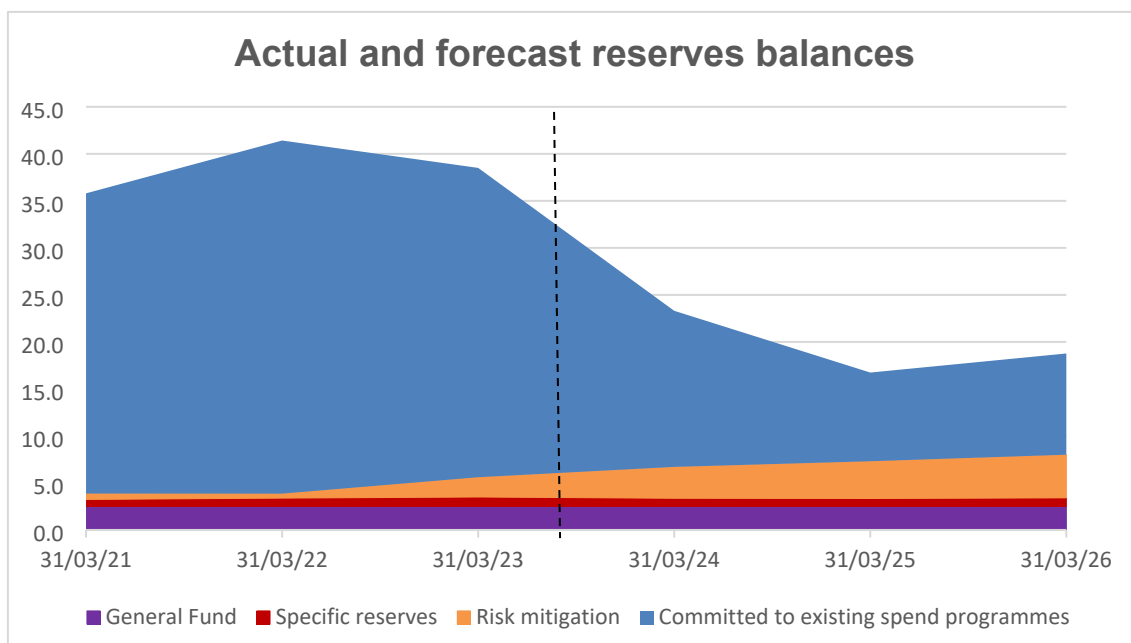
<b>Table 3</b>	<b>3% (£2.42 Band D) Council Tax increase per annum</b>	<b>6.2% (£5 Band D) Council Tax increase per annum</b>
	<b>£'000</b>	<b>£'000</b>
<b>2024/25 opening deficit</b>	<b>264</b>	<b>264</b>
Pay inflation	3,041	3,041
Non-pay inflation	514	514
Delivery pressures	761	761
Capital financing	500	500
Funding increase	(1,948)	(3,786)
<b>Closing deficit</b>	<b>3,132</b>	<b>1,294</b>

Use of Budget Equalisation Reserve	(1,458)	(1,294)
<b>Remaining deficit</b>	<b>1,673</b>	<b>0</b>

30. This shows that, based on current prudent assumptions there is a deficit in both scenarios. However, with a £5 increase in Council Tax for Band D properties, this deficit can be balanced by a draw from the Budget Equalisation Reserve, leaving a residual balance of £164,000. With a 3% council tax increase, the BER is exhausted and a deficit remains. This would need to be covered from other reserves in order to bridge the gap while plans to reduce spend were developed. In either scenario, this would create a future on-going annual pressure that would need to be addressed (as reserves can only be spent once) making the Authority's position more challenging in the medium term.
31. Given the high degree of uncertainty, the scenarios are indicative. However, they do illustrate the significant positive impact that a £5 increase in council tax would have on the Authority's financial position.

#### RESERVES, BALANCE SHEET AND TREASURY MANAGEMENT

32. The Reserves Strategy, Capital and Investment Strategy, and Treasury Management Strategy help to support the overall planning and financial management of the Authority, including by giving due consideration to financial sustainability, risk management and the health of the Authority's Balance Sheet.
33. The Authority's **Reserves Strategy** was last approved in February 2023 and the graph below reflects the latest projections for reserves balances. The expected reduction in reserves reflects planned expenditure, in particular in relation to the approved capital programme.



34. The **Capital and Investment Strategy** includes the prudential indicators required by the CIPFA Prudential Code (2021). The Code requires quarterly reporting on these indicators, which is included at Appendix A. The indicators continue to be in line with the agreed strategy and the requirements of the Code, demonstrating that capital expenditure, investment and borrowing decisions are prudent, sustainable and affordable.
35. A number of treasury management indicators were set within the **Treasury Management Strategy** (TMS). The quarterly Treasury Management report is included at Appendix B and provides commentary on treasury management activity during the second quarter of the financial year including the treasury management indicators. Timing differences between income and expenditure mean that investment balances fluctuate over the course of a year, however trend analysis shows that balances are starting to trend downwards as would be expected in line with the planned use of reserves to fund capital expenditure and the current internal borrowing strategy.

STATEMENT OF ACCOUNTS

36. The Authority’s 2022/23 unaudited accounts were approved by the Standards and Governance Committee in September 2023. The audit of the accounts has been delayed due to the national backlog in the audit of local bodies. Proposals to address the backlog were put forward by the Department of Levelling Up, Housing and Communities (DLUHC) during the summer of 2023, however at the time of writing the period of engagement and consultation on these proposals was still in progress and the impact on

the audit of the 2022/23 accounts is not yet known. Updates from officers and the external auditor, EY, will continue to be brought to the Standards and Governance Committee as this situation progresses.

#### SUPPORTING OUR SAFETY PLAN AND PRIORITIES

37. Strong financial management and a stable medium term financial position are key enablers of our safety plan and priorities, with funding allocated to priority areas.

#### RESOURCE IMPLICATIONS

38. This report covers the forecast financial position for 2023/24 as at the end of Quarter 2 alongside updates on the capital programme, reserves, and treasury management.
39. The section on efficiencies sets out how objectives for 2023/24 set out within the Efficiency Plan are being implemented, while the section on delivery pressures highlights areas in which additional resources are being identified as being required to meet service priorities.
40. The report also provides a forward look at the budget for 2024/25 and the impact on the medium term financial position of uncertainty about the future financial resources that will be available to the Authority. This will be considered in further detail in the February 2024 budget setting report.

#### IMPACT ASSESSMENTS

41. This report does not propose the implementation of a new change activity, and/or introducing, or amending, a Service Policy, Procedure or Guidance document.
42. Where change occurs as a result of the delivery of the Efficiency Plan, delivery pressures, or the capital programme any impact assessment will be considered as part of the individual change project rather than as part of this budget update report.

#### LEGAL IMPLICATIONS

43. The Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs. This report is one of the ways in which the Authority meets this requirement.

44. Any legal implications relating to the delivery of the Efficiency Plan or the identified delivery pressures will be considered within specific appraisals of the individual items within these areas.
45. There are no new legal implications specifically as a result of this report.

### RISK ANALYSIS

46. Risks relating to reduced central government funding and pay and price inflation are included within the organisational risk register. Strong financial management, including the regular monitoring and reporting against approved budgets and strategies as covered in this report, is an important part of mitigating these risks. The report highlights risks that may in future crystallise around relating to this uncertainty relating to the 2024/25 budget and the MTFP. These will be addressed further in the February 2024 budget setting report.

### CONCLUSION

47. The Authority approved the 2023/24 revenue budget and precept in February 2023 alongside an updated Medium Term Financial Plan (MTFP). The Authority also approved updates to the capital programme, the Reserves Strategy, the Treasury Management Strategy and the Capital and Investment Strategy and received the Efficiency Plan for 2023/24.
48. This report provides (a) the second quarterly update on progress against the approved budgets and strategies during 2023/24 and (b) a look forward to budget setting for 2024/25.
49. The report highlights a projected underspend against the revenue budget for 2023/24 of £0.698m (c.0.75% of net expenditure) and notes that current forecasts are for £37m of expenditure against the capital programme this year. It also provides details of the work being undertaken to deliver efficiencies within the service and an update on the delivery pressures highlighted in the previous report. The report and appendices also meet the requirements of the Prudential Code and Treasury Management Code.
50. Looking ahead to 2024/25, the section on budget setting confirms that uncertainty remains in several key areas that will influence the budget and MTFP. The budget setting process is well underway, however until more information is available planning continues to be challenging. The report does highlight that there is the potential that even if government grants permission for the Authority to increase Council Tax by £5, taking the decision to do so could still result in a significant budget gap that would require the use of the budget equalisation reserve in 2024/25 and create a

funding pressure in subsequent years. This is an indicative position given the significant uncertainty and is being provided to assist the Authority in considering future plans ahead of the budget setting report in February.

#### RECOMMENDATION

51. That the forecast outturn position for the financial year 2022/23 and associated capital programme forecasts be noted by the HIWFRA Full Authority.
52. That the prudential indicators and the treasury management update including the treasury management indicators be approved by the HIWFRA Full Authority.
53. That the transfer of £690,000 of one-off additional interest income to the Capital Payments Reserve as a contribution to the costs of the Fire Contaminants work identified at the October Fire Authority be approved by the HIWFRA Full Authority
54. That the 2024/25 budget setting update and associated uncertainty be noted by the HIWFRA Full Authority.

#### APPENDICES ATTACHED

Appendix A – Prudential Indicators (Q2)

Appendix B – Treasury Management Update Report (Q2)

#### BACKGROUND PAPERS

55. [HIWFRA Q1 Budget Update Report](#)

56. [HIWFRA Budget and Precept Requirement 2023/24 including Medium Term Financial Plan](#)

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## Prudential Indicators Q2 2023/24

The Prudential Code requires the Authority to ensure that capital expenditure, investment and borrowing decisions are prudent, sustainable and affordable. There are a number of prudential indicators that must be set prior to the start of each financial year, which is done as part of the Capital and Investment Strategy, which is an appendix to the February budget setting report.

The Prudential Code also then requires the Chief Financial Officer to establish procedures to monitor and report performance against these performance indicators. From 2023/24 this reporting must be on a quarterly basis and the intention is to report this information to the Authority alongside the scheduled budget updates in October (Q1) and December (Q2) of 2023, and February (Q3) and June (Q4) of 2024.

### 1. Capital programme forecast expenditure (Prudential Indicator 1)

- 1.1 The most significant elements of the Authority's capital programme relate to the vehicle replacement programme and investment in the estate in addition to investment in carbon reduction and electric vehicle (EV) charging.
- 1.2 Table 1 shows the forecast capital expenditure flows relating to the approved capital programme.

**Table 1: Capital programme forecast expenditure flows (Prudential Indicator 1)**

	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	Future years Estimate	Total
	£'000	£'000	£'000	£'000	£'000	£'000
February 2023 forecast	18,705	35,660	22,359	6,845	2,854	86,423
Latest forecast	13,144	36,972	20,421	12,136	3,164	85,837

### 2. Ensuring Borrowing is only for capital purposes (Prudential Indicator 2)

- 2.1 The Capital Financing Requirement (CFR) is the cumulative outstanding amount of debt finance. The CFR increases with new debt-funded capital expenditure and reduces through annual Minimum Revenue Provision (MRP) charges to the revenue budget and any capital receipts or other contributions used to replace debt.
- 2.2 The Prudential Code states that a local authority must ensure that gross debt is only for capital purposes over the medium term, which means that gross external debt must not exceed the total of the CFR from the preceding year plus the estimates of any additional CFR for the current and next two financial years, except in the short term. This is a key indicator of prudence.

2.3 Actual figures for the CFR and debt at 31 March 2023 and forecasts for the next three years are shown in Table 2 and confirm that the Authority expects to remain compliant with the requirements linked to this indicator.

2.4 The CFR is expected to rise as the Authority progresses with the delivery of the approved capital programme, which includes the approval for up to £37.45m of prudential borrowing. External debt will increase as the Authority takes on new borrowing to fund this expenditure, resulting in additional capital financing costs to the revenue budget. The CFR and associated borrowing are now expected to rise less quickly than previously forecast in line with the updated capital expenditure forecasts in Table 1.

**Table 2: Ensuring Borrowing is Only for Capital Purposes (Prudential Indicator 2)**

	<b>31/03/23 Actual £M</b>	<b>31/03/24 Estimate £M</b>	<b>31/03/25 Estimate £M</b>	<b>31/03/26 Estimate £M</b>
<b>CFR</b>	<b>15.0</b>	<b>32.1</b>	<b>39.2</b>	<b>44.8</b>
<b>Debt</b>				
Borrowing	5.9	17.5	32.2	39.8
Leases	0.0	0.0	0.4	0.4
<b>Total Debt</b>	<b>5.9</b>	<b>17.5</b>	<b>32.6</b>	<b>40.2</b>

### 3. Affordable borrowing limits (Prudential Indicators 3 and 4)

3.1 The Authority is legally obliged to set an Authorised Limit for the maximum affordable amount of external debt. In line with statutory guidance, a lower 'Operational Boundary' is also set as a warning level should debt approach the limit. The Operational Boundary is based on the Authority's estimate of the most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the CFR and cash flow requirements, and is a key management tool for in-year monitoring.

**Table 3: Affordable Borrowing Limits (Prudential Indicators 3 and 4)**

	<b>2022/23 £M</b>	<b>2023/24 £M</b>	<b>2024/25 £M</b>	<b>2025/26 £M</b>
Authorised limit	32.3	51.0	60.1	60.3
Operational boundary	27.1	45.8	54.9	55.1
Estimated max borrowing (incl leases)	6.7	17.5	32.6	40.2
Compliance with authorised limit?	Yes	Yes	Yes	Yes

### 4. Ratio of financing costs to net revenue stream (Prudential Indicator 5)

4.1 Capital expenditure is not charged directly to the revenue budget, however the interest payable on loans and the annual MRP are charged to revenue, as are other financing costs such as interest payable under finance leases and amounts relating to the early settlement of borrowing. In aggregate these costs are known

as financing costs. The impact of these costs needs to be well understood prior to making capital investment decisions and then closely monitored.

- 4.2 Table 4 shows the proportion of the Authority's net revenue stream (Council Tax, business rates and general government grants) required to meet financing costs. This is an indicator of the affordability of the Authority's capital programme. The forward estimates are based on a prudent assessment of the timings of expenditure funded from borrowing and the interest rates to be paid on that borrowing. There is significant uncertainty about future interest rates and this is being carefully monitored by the Chief Financial Officer with support from the Authority's treasury management advisors, Arlingclose.

**Table 4: Ratio of Financing Costs to Net Revenue Stream (Prudential Indicator 5)**

	<b>2022/23 Actual</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>
Ratio - budget Feb 2023	0.9%	2.9%	3.5%	4.0%
Ratio – current forecast	0.8%	2.7%	3.2%	3.6%

**5. Net income from commercial and service investments to net revenue stream (Prudential Indicator 6)**

- 5.1 The update to the Prudential Code in 2021 introduced a new prudential indicator intended to show how reliant a local authority is on income from commercial and service investments, and therefore how exposed the authority is to the loss of this income.

**Table 5: Net Income from Commercial and Service Investments to Net Revenue Stream (Prudential Indicator 6)**

	<b>2022/23 Actual</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>
Ratio - budget Feb 2023	0.0%	0.0%	0.0%	0.0%
Ratio – current forecast	0.1%	0.1%	0.1%	0.1%

- 5.2 The Authority has two discrete buildings at fire station sites classified as investment properties on its Balance Sheet. These buildings are at the Winchester and Redbridge fire stations and have excess capacity not needed in the operation of the Fire and Rescue Service. This excess capacity has been rented out to other public sector organisations. This benefits the partners in providing space at an appropriate site, whilst also generating additional income for the Authority to benefit the revenue budget. Although classed as investment properties on the Balance Sheet, using surplus assets in this way is a very different situation from a risk management point of view from the Authority actively going out to buy and/or develop commercial property for investment purposes. The income from these rental agreements is a very small proportion of the overall financing of the Authority.

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## Treasury Management Mid-Year Report 2023/24

### Purpose of the Report

1. Hampshire and Isle of Wight Fire and Rescue Authority has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve, as a minimum, four treasury management reports a year, including an annual strategy and outturn report.
2. This report provides an update on treasury management activity in the first half of 2023/24 and meets the requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators.

### Summary

3. The Fire and Rescue Authority's treasury management strategy was most recently updated and approved at a meeting of Hampshire & Isle of Wight Fire & Rescue Authority in February 2023. 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.
4. 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."
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.
6. All treasury activity has complied with the Fire and Rescue Authority's Treasury Management Strategy and Investment Strategy for 2023/24, 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.
7. The Prudential Code includes the requirement to produce a Capital Strategy, a summary document to be approved covering capital expenditure and financing, investments and treasury management. Government statutory

guidance on local government investments also requires the production of an Investment Strategy. The Authority produces a combined Capital and Investment Strategy to meet these requirements, the most recent of which was approved by the Authority in February 2023.

## **External Context**

8. The following sections outline the key economic themes in the UK against which investment and borrowing decisions have been made so far in 2023/24.

### **Economic commentary**

9. UK inflation has remained high over the period, keeping market expectations elevated of how much further the Bank of England (BoE) would hike rates. The Bank of England's (BoE) Monetary Policy Committee (MPC) continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August 2023, however, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed by the BoE deciding to keep Bank Rate on hold at 5.25% in both September and November 2023.
10. Economic growth in the UK remained relatively weak over the period. In calendar Quarter 2 2023, the economy expanded by 0.4%, beating market expectations of a 0.2% increase. However, monthly Gross Domestic Product (GDP) data showed a 0.5% contraction in July 2023, which was the largest fall to date this calendar year and worse than the 0.2% decline predicted.
11. Although still high, inflation has fallen from its peak as annual headline CPI (Consumer Prices Index) declined to 6.7% in July 2023 from 6.8% in the previous month against market expectations for a rise. The largest downward contribution came from food prices.
12. Following the September MPC meeting, Arlingclose modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate.

### **Financial markets**

13. Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak. Gilt yields fell towards the end of the period.

## Credit review

14. In March 2023 Arlingclose completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank, and the purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues. As a result, Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days for unsecured investments. This stance continued to be maintained during Quarter 2 of the financial year.
15. Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress and no changes were made to recommended bank durations over Quarter 2 of the financial year. Credit default swaps are used as an indicator of credit risk, where higher premiums indicate higher perceived risks. Northern Trust Corporation was added to the counterparty list.
16. Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the council's counterparty list recommended by Arlingclose remains under constant review.

## Local Context

17. On 31 March 2023, the Fire & Rescue Authority had net investments of £28.4m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1.

<b>Table 1: Balance sheet summary</b>	<b>31/03/23 Balance £m</b>	<b>31/03/24 Forecast £m</b>
CFR	15.0	32.1
Less: External borrowing		
- Public Works Loan Board	(5.9)	(5.6)
<b>Internal Borrowing</b>	<b>9.1</b>	<b>26.5</b>
Less: Balance sheet resources	(37.5)	(21.7)
<b>Net (Investments)/Borrowing</b>	<b>(28.4)</b>	<b>4.8</b>

18. The treasury management position at 30 September 2023 and the change over the first half of the year is shown in Table 2.

<b>Table 2: Treasury management summary</b>	<b>31/03/23 Balance £m</b>	<b>Movement £m</b>	<b>30/09/23 Balance £m</b>	<b>30/09/23 Rate %</b>
Long-term borrowing	(5.6)	0.0	(5.6)	4.59
Short-term borrowing	(0.3)	0.3	0.0	0.00
<b>Total borrowing</b>	<b>(5.9)</b>	<b>0.3</b>	<b>(5.6)</b>	<b>4.59</b>
Long-term investments	7.0	(3.7)	3.3	3.87
Short-term investments	5.0	(1.9)	3.1	5.29
Cash and cash equivalents	16.5	5.1	21.6	5.20
<b>Total investments</b>	<b>28.5</b>	<b>(0.5)</b>	<b>28.0</b>	<b>5.06</b>
<b>Net investments</b>	<b>22.6</b>	<b>(0.2)</b>	<b>22.4</b>	

Note: the figures in Table 2 are from the balance sheet in the Fire and Rescue Authority's accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

19. The decrease in net investments of £0.2m shown in Table 2 can be attributed to a decrease in investment balances of £0.5m, which reflects the Fire & Rescue Authority's normal pattern of activity as well as capital expenditure incurred in the first quarter of the year. In addition, £0.3m of borrowing from the Public Works Loan Board (PWLB) was repaid at maturity in the period.

### **Borrowing Update**

20. The Fire and Rescue Authority has no plans to borrow to invest primarily for commercial return and so is unaffected by the changes to the Prudential Code.
21. The Fire and Rescue Authority is not planning to purchase any investment assets primarily for yield, so is able to retain full access to the PWLB.
22. It is expected that during 2023/24 the CFR will rise as the Authority delivers the estates elements of its capital programme. Balance sheet resources are anticipated to drop which is expected to result in a positive liability benchmark as at 31 March 2024, which generally means an authority is required to take external borrowing to fund the gap between its resources and the CFR. Although the Fire and Rescue Authority currently holds external borrowing from its historic capital programme, this is not predicted to be sufficient to meet the CFR and therefore as a result further borrowing will be considered by the Chief Financial Officer for the delivery of the approved capital programme, if required. The Chief Financial Officer will work closely with Arlingclose to determine the optimal borrowing approach.



## Borrowing Strategy

23. At 30 September 2023 the Fire and Rescue Authority held £5.6m of loans as part of its strategy for funding previous years' capital programmes. Outstanding loans are summarised in Table 3.

<b>Table 3: Borrowing position</b>	<b>31/03/23 Balance</b>	<b>Net movement</b>	<b>30/09/23 Balance</b>	<b>30/09/23 Weighted average rate</b>	<b>30/09/23 Weighted average maturity (years)</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	
Public Works Loan Board	(5.9)	0.3	(5.6)	4.59	10.3
<b>Total borrowing</b>	<b>(5.9)</b>	<b>0.3</b>	<b>(5.6)</b>	<b>4.59</b>	<b>10.3</b>

Note: the figures Table 3 are from the balance sheet in the Fire and Rescue Authority's accounts but adjusted to exclude accrued interest.

24. 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.
25. £0.3m of PWLB borrowing was repaid at maturity during the period and no new borrowing was taken out.
26. The cost of carry (the difference between the interest paid on long-term borrowing versus short-term investments) continues to make taking out new long-term borrowing in advance of need not cost effective. The Authority has therefore considered it to be more advantageous in the near term to use internal resources than to use additional borrowing.

## Treasury Investment Activity

27. The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
28. 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 £18.6m and £37.0m due to timing differences between income and expenditure. The investment position is shown in Table 4.

<b>Table 4: Treasury investment position</b>	<b>31/03/2023 balance</b>	<b>Net movement</b>	<b>30/09/2023 balance</b>	<b>30/09/23 Income return</b>	<b>30/09/23 Weighted average maturity (years)</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	
<b>Short term investments:</b>					
Banks and Building Societies:					
- Unsecured	1.9	0.4	2.3	4.44	0.00
- Secured	1.0	0.1	1.1	5.44	0.29
Money Market Funds	15.1	4.2	19.3	5.29	0.00
High quality bonds	0.0	1.0	1.0	5.44	0.25
Government:					
- Treasury Bill	3.5	(2.5)	1.0	5.01	0.18
<b>Total</b>	<b>21.5</b>	<b>3.2</b>	<b>24.7</b>	<b>5.21</b>	<b>0.03</b>
<b>Long term investments – higher yielding strategy:</b>					
Pooled Funds					
- Pooled property*	3.3	0.0	3.3	3.87	N/A
- Pooled equity*	2.0	(2.0)	0.0	N/A	N/A
- Pooled multi-asset*	1.7	(1.7)	0.0	N/A	N/A
<b>Total</b>	<b>7.0</b>	<b>(3.7)</b>	<b>3.3</b>	<b>3.87</b>	<b>N/A</b>
<b>Total investments</b>	<b>28.5</b>	<b>(0.5)</b>	<b>28.0</b>	<b>5.06</b>	<b>0.03</b>

\* The rate provided for the pooled property fund investment is reflective of annualised income returns over the 12 months to 30 September 2023.

Note: the figures in Table 4 are from the balance sheet in the Fire and Rescue Authority's accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

29. Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
30. The security of investments has been maintained by following the counterparty policy and investment limits within the Treasury Management Strategy Statement (TMSS), taking advice from Arlingclose on changes in

counterparty credit worthiness, and making use of secured investment products that provide collateral. The Authority should invest in liquid investments to ensure money is available when required to meet its financial obligations, spreading these investments across a number of counterparties to mitigate operational risk.

31. As demonstrated by the liability benchmark shown later in this report, the Fire & Rescue Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. As previously detailed in the Quarter 1 Treasury Management Report, the existing portfolio of strategic pooled funds has been reviewed in Quarter 2 with advice from Arlingclose. £3.75m was disinvested from the funds to take advantage of more favourable rates of return on shorter dated investments and increase liquidity ahead of capital expenditure outflows in the near future.
32. Over this financial year to date Bank Rate has increased by 1%, from 4.25% to 5.25% as at 30 September 2023. Short term investment interest rates have risen commensurately, with 3-month rates rising to around 5.25%, and 12 month rates to nearly 6%. The interest rates on Debt Management Account Deposit Facility (DMADF) deposits also rose, ranging between 4.8% and 5.4% and Money Market Rates between 5.0% and 5.3%.
33. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5.

<b>Table 5: Investment benchmarking (excluding pooled funds)</b>	<b>Credit rating</b>	<b>Bail-in exposure</b>	<b>Weighted average maturity</b>	<b>Rate of return</b>
		<b>%</b>	<b>(days)</b>	<b>%</b>
31.03.2023	AA-	79%	15	4.12%
30.09.2023	AA-	87%	12	5.14%
Police & Fire Authorities	AA-	59%	41	4.87%
All LAs	AA-	59%	13	4.79%

34. Table 5 shows the average credit rating of the portfolio has remained consistent at AA- since March 2023, whilst bail-in exposure has increased marginally. The Authority's bail-in exposure is higher than that of comparative authorities, but it should be noted that a significant proportion of liquid balances are invested in money market funds, which are technically exposed to bail-in risk but as diversified products are considered by Arlingclose to be 'bail-in risk light'. The Authority continues to utilise money market funds for the high levels of liquidity they offer whilst simultaneously providing better levels of security than unsecured bank deposits. This is in conjunction with the comparatively higher rates of return they offer to other short-dated

instruments. Rates of return across the portfolio as a whole have improved since March 2023 and compare favourably to other Arlingclose clients.

### Externally managed pooled funds

35. £3.3m of the Authority’s investments are invested in an externally managed strategic pooled property fund where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. As set out in the TMS, the Authority only considers it appropriate to hold pooled fund investments where the intention is to hold them for at least the medium term to help ensure compliance with the requirements of the TM Code (i.e. to prioritise security and liquidity over yield). This fund and the other pooled funds that the Authority held until this quarter, have generated an average total return of 27.3% since purchase.
36. During the period investor sentiment for UK commercial property was more settled than in Quarter 3 and Quarter 4 of 2022 when the sharp rise in bond yields resulted in a big fall in property valuations. There were signs of returning investor interest, occupier resilience and a perception that the downturn in commercial real estate may be at an end. It helped rental income and led to some stabilisation in capital values. However, the combination of high interest rates and bond yield, higher funding costs and the prospect of sluggish economic growth constrain the outlook for commercial property.
37. The combination of the above had a marginal negative effect on the value of the Fire & Rescue Authority’s pooled fund investment since March 2023. Based on market values at 30 September 2023, the Authority currently has a £0.2m unrealised loss on the £3.3m book value of its pooled fund holdings, summarised in Table 6.

Table 6: Higher yielding investments – market value performance	Amount invested	Market value at 30/09/23	Gain / (fall) in capital value	
			Since purchase	2023/24
	£m	£m	£m	£m
Pooled property funds	3.3	3.1	(0.2)	(0.1)
Total	3.3	3.1	(0.2)	(0.1)

38. The Authority’s investments in pooled funds target long-term price stability and regular revenue income. As shown in Table 7, the annualised income returns have averaged 4.29% pa (per annum) since purchase, contributing to a total return of 27.3%.

<b>Table 7: Higher yielding investments – income and total returns since purchase</b>	<b>Annualised income return</b>	<b>Total return</b>
	%	%
Pooled property funds	3.96	27.33
Pooled equity funds*	4.78	45.03
Pooled multi-asset funds*	4.52	6.97
<b>Total</b>	<b>4.29</b>	<b>27.30</b>

\* fully divested August 2023

39. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Fire & Rescue Authority’s medium-to long-term investment objectives are regularly reviewed. Following the latest review, and as outlined in the Quarter 1 report, in August 2023 the Authority divested £3.75m it had in pooled equity and multi-asset investments. After taking advice from Arlingclose, the Chief Financial Officer determined it to be prudent to reduce exposure to pooled fund investments, taking the decision in accordance with the delegated authority granted by the Authority as part of the Treasury Management Strategy. The pooled multi-asset and equity funds are therefore included in Table 7 for indicative purposes, but these funds are no longer held.
40. The decision to sell the investments was linked to the anticipated ongoing reduction in balances over time as a result of the approved capital programme and other planned expenditure from reserves. The redemptions resulted in a small loss on the principal sum invested of £18,532 (or less than 0.5% of the £3.7m invested) however the Authority has received approximately £1m in dividends from these pooled funds since purchase, giving a total return of c.25% over an average holding period of between 5 and 6 years.
41. The Chief Financial Officer will continue to seek the advice of Arlingclose on the ongoing suitability of the remaining pooled fund investment balance of £3.3m.
42. In April 2023 the Department for Levelling Up, Housing and Communities published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds through the in-year revenue account. The override has been extended for 2 years until 31 March 2025 but no other changes have been made; whether the override will be extended beyond the new date is unknown but commentary to the consultation outcome suggests not. The Fire & Rescue Authority will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken.
43. The Authority’s Capital and Investment Risk Reserve, created during 2022/23, is in place to mitigate inflationary and interest rate risks to the capital

programme and risks related to investments held by the Authority, including those related to pooled funds and the IFRS 9 statutory override.

### **Non-Treasury Investments**

44. 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. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).
45. Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) also broadens the definition of investments to include all such assets held partially or wholly for financial return.
46. This could include the direct purchase of land or property and any such loans and investments will be subject to the Fire and Rescue Authority's normal approval processes for revenue and capital expenditure and need not comply with the treasury management strategy. The Fire and Rescue Authority has two properties classified as investment properties on its Balance Sheet, relating to the use of parts of existing sites that were deemed surplus to requirements to provide accommodation to partner organisations and bringing in rental income to the Authority.

### **Compliance Report**

47. The Fire and Rescue Authority confirms compliance of all treasury management activities undertaken during the quarter with the CIPFA Code of Practice and the County Council's approved Treasury Management Strategy.
48. Compliance with specific investment limits is demonstrated in Table 8.

<b>Table 8 – Investment limits</b>	<b>30/09/23 Actual £m</b>	<b>2023/24 Authorised Limit</b>	<b>Complied</b>
The UK Government	1.0	n/a	✓
Local authorities & other government entities	0.0	Unlimited	✓
Secured investments	1.1	Unlimited	✓
Banks (unsecured)	3.3	Unlimited	✓
Building societies (unsecured)	0.0	£6m	✓
Registered providers	0.0	£6m	✓
Money market funds	19.3	Unlimited	✓
Strategic pooled funds	3.3	£24m	✓
Real estate investment trusts	0.0	£6m	✓
Other investments	0.0	£6m	✓

49. Compliance with the authorised limit and operational boundary for external debt, is demonstrated in Table 9.

<b>Table 9 – Debt limits</b>	<b>H1 2023/24 Maximum £m</b>	<b>30/09/23 Actual £m</b>	<b>2023/24 Operational Boundary £m</b>	<b>2023/24 Authorised Limit £m</b>	<b>Complied</b>
<b>Total debt</b>	6.3	5.6	45.8	51.0	✓

50. Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. However this limit was not breached during the financial year to date.

### **Treasury Management Indicators**

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

## Liability benchmark

52. This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Authority is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

<b>Table 10: Liability benchmark</b>	<b>31/03/2023 Actual £m</b>	<b>31/03/2024 Forecast £m</b>	<b>31/03/2025 Forecast £m</b>	<b>31/03/2026 Forecast £m</b>
Loans CFR	15.0	32.1	38.8	44.4
Less: Balance sheet resources	(37.5)	(21.7)	(15.2)	(13.7)
<b>Net loans requirement</b>	<b>(22.5)</b>	<b>10.4</b>	<b>23.6</b>	<b>30.7</b>
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
<b>Liability benchmark</b>	<b>(12.5)</b>	<b>20.4</b>	<b>33.6</b>	<b>40.7</b>
<b>Existing borrowing</b>	<b>5.9</b>	<b>5.6</b>	<b>5.2</b>	<b>5.2</b>
<b>New borrowing given liability benchmark</b>	<b>0.0</b>	<b>14.8</b>	<b>28.4</b>	<b>35.5</b>

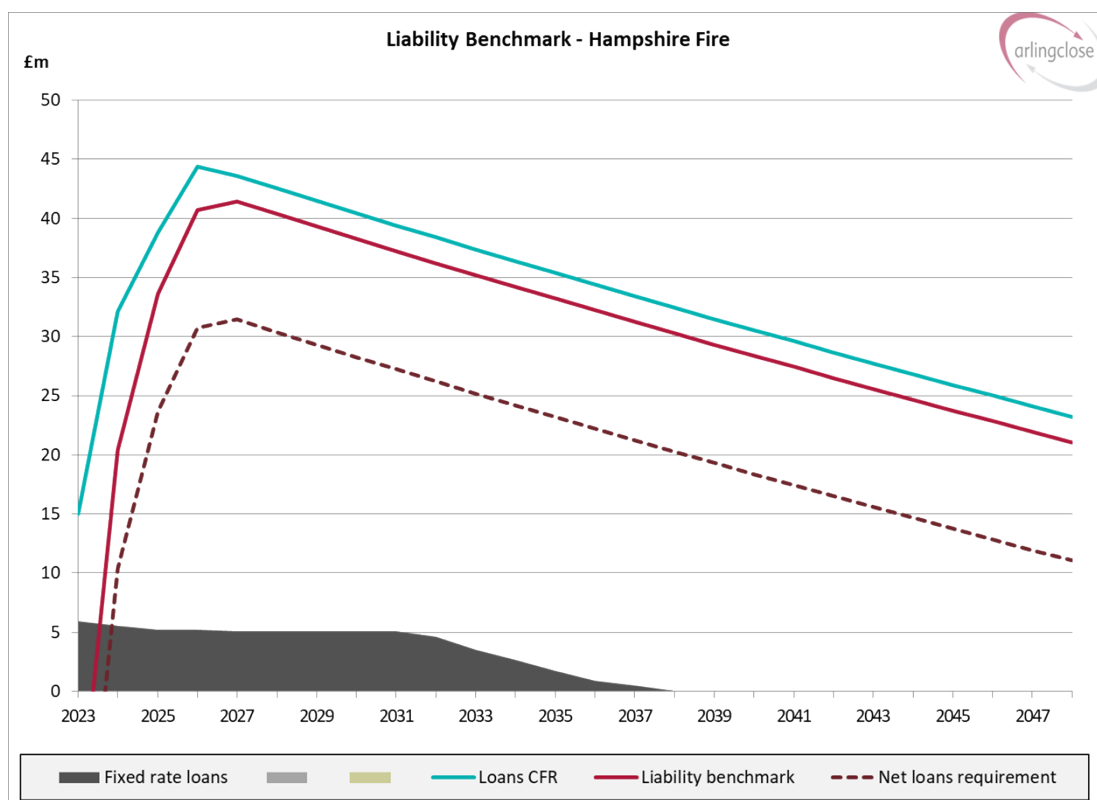
53. The **Loans CFR** (Capital Financing Requirement) is the cumulative outstanding amount of debt financed from borrowing (it excludes leases). The Authority has approved up to £37.5m of new prudential borrowing to support the approved capital programme and the CFR therefore increases over the forecast period in line with the capital programme plans.
54. The amount of external borrowing required can be lower than the CFR as the Authority has resources on its Balance Sheet (usable reserves and working capital). The **Net Loans Requirement** represents the level of external borrowing required if the Authority first uses all its Balance Sheet resources to cover the CFR.
55. Differences in timing between income and expenditure mean the Authority cannot use up all of its Balance Sheet resources as it needs to keep a balance for day to day liquidity to ensure it can meet its financial obligations. The **Liability Benchmark** is therefore the amount of borrowing that means



the Authority can meet its net loans requirement plus hold an appropriate amount of liquidity.

56. As set out in the Reserves Strategy and the February 2023 revenue budget and capital programme, the Authority expects to reduce its reserves balance over the coming years. Reserves held to smooth the expenditure on IT and equipment (which involves large but infrequent spend) and the Capital Payments Reserve (supporting expenditure on the estate and vehicle purchases) are all expected to reduce over time.
57. As would be expected, reducing reserves balances plus planned expenditure funded from prudential borrowing means the Authority will not have the Balance Sheet resources to internally borrow (as has been the strategy in recent years) and instead will need to commit to new external borrowing.
58. The Liability Benchmark is shown in Graph 1 which shows a sharp increase in the CFR as expenditure funded from borrowing occurs, with the Liability Benchmark increasing similarly based on expected reductions in Balance Sheet resources. Minimum Revenue Provision (MRP) payments mean the CFR reduces over time and the liability benchmark also falls as borrowing is assumed to be repaid (the liability benchmark should never be above the CFR if the Authority is to meet the requirements of the Prudential Code only to borrow for capital purposes except in the short term).

**Graph 1: Liability Benchmark – Hampshire & IOW Fire Authority**



59. The need to take out new external borrowing will be considered by the Chief Financial Officer to ensure borrowing is undertaken at the most appropriate time.

### **Maturity structure of borrowing**

60. 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:

<b>Table 11 – Refinancing rate risk indicator</b>	<b>30/06/23 Actual</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Complied</b>
Under 12 months	0%	50%	0%	✓
12 months and within 24 months	6%	5%	0%	✓
24 months and within 5 years	2%	50%	0%	✓
5 years and within 10 years	29%	75%	0%	✓
10 years and within 20 years	63%	75%	0%	✓
20 years and above	0%	100%	0%	✓

### **Long term Treasury Management investments**

61. 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. The limits on the long-term principal sum invested to final maturities beyond the period end were:

<b>Table 12 – Long term investments</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Principal invested beyond year end	£3.3m	£3.3m	£3.3m
Limit on principal invested beyond year end	£12m	£12m	£12m
Complied?	✓	✓	✓

62. The table includes investments in strategic pooled funds of £3.3m as although these can usually be redeemed at short notice, the Fire and Rescue Authority intends to hold these investments for at least the medium-term.

### **Interest rate exposures**

63. The following indicator shows the sensitivity of the council's current investments and borrowing to a change in interest rates:

<b>Table 13: Interest rate risk indicator</b>	<b>30/09/23 Actual</b>	<b>Impact of +/-1% interest rate change</b>
Sums subject to variable interest rates:		
Investments	£24.8m	+/- £0.2m
Borrowing	£0.0m	+/- £0.0m

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**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## HIWFRA Full Authority

Purpose: [Noted](#)

Date: **5 DECEMBER 2023**

Title: **2023/24 MID-YEAR PERFORMANCE UPDATE REPORT**

Report of [Chief Fire Officer](#)

## SUMMARY

1. The Mid-Year Performance Update Report (**Appendix A**) explores how the Service performed against our priorities over the last six months. Performance is described against each of the Hampshire and Isle of Wight Fire Authority's Safety Plan priorities and against key operational and corporate health measures in the period 1 April 2023 through to 30 September 2023. The report also provides an assessment of progress against our Safety Plan improvements for 2023/24.
2. The Service uses performance reporting and data analysis to assess our effectiveness, efficiency and financial position; and to inform decisions we make and where we target our resources. Our performance measures help us find areas for improvement, as well as identify successes and good practice to be shared, where applicable, across public services and the fire sector.
3. The report provides an update on how we are performing in key areas, building upon the more detailed analysis outlined in the [Annual Performance Report](#). This Mid-Year Performance Update Report is structured differently to our Annual Performance Report (with the latter including longer-term trend analysis and more detailed benchmarking). This Mid-Year Update Report includes a particular emphasis on those measures that we outlined in the Annual Performance Report as needing improvement.

## SAFETY PLAN IMPROVEMENTS 2022/23

4. The five-year Hampshire and Isle of Wight Fire and Rescue Service (HIWFRS) Safety Plan was launched in April 2020, setting out our priorities,

our values, how we will build on our strengths and how we will address the areas that require focus and improvement.

5. Each year the Fire Authority approves a range of in-year improvement activity. The 2023/4 improvements were approved by the Fire Authority on 21 February 2023. The Performance Report summarises progress against these activities.
6. In total, with two 2022/23 improvements that were deferred, there were 15 Safety Plan improvements for 2023/24 (Year 4). To date, 3 of these have been completed and for the remaining 12 improvements, a significant amount of activity has been undertaken and further detail is outlined on page 5 of **Appendix A**.

#### OUR PERFORMANCE – APRIL TO SEPTEMBER 2023

7. On Call availability, and supporting our on call workforce more widely, has been at the forefront of the Year 4 (2023/24) Safety Plan improvements – with ongoing investment in this area (with detail on this provided on pages 5 and 11 of Appendix A). On Call availability was 59.1% across April to September 2023, up 1.1% points compared to the same period in 2022. It is also important to note that our availability is much higher at night-time (70%) – when the risk is greater – and lower in the daytime (42%). The Service is undertaking work in 2023/24 to improve on call availability.
8. On Call availability is a national, and regional, challenge. Whilst average on call availability for similar services was 67% in 2022/23 (the latest available benchmark data); the figure for South-East similar services was 47%, highlighting the regional challenges with on call.
9. The HIWFRS average critical response time in April to September 2023 was 7 minutes and 39 seconds. This has increased slightly (5 seconds slower) versus the same period in 2022. When reviewing long-term trends, there is a strong correlation between on call availability and critical response time performance, as lower on call availability means appliances have to travel further from other station grounds to respond to incidents. However, for the first six months of this year response times were marginally slower, despite a slight increase in on call availability. Despite this, positively, we had no confirmed fire fatalities in the first six months of 2023/24 and a 24% reduction in fire casualties versus the same period in 2022/23.
10. Between April to September 2023, HIWFRS undertook 5,867 Safe and Well visits, a slight decrease of 2% versus the same period in 2022/23. As outlined on page 13 of Appendix A, further activity is planned to boost the number of visits undertaken, particularly in the areas of highest risk.

Conversely, and in terms of our Protection activity, in the year to date, 2023/24, we have completed around 20% more Fire Safety Audits than we had at the same time last year. This has been driven by an increase in fully competent Fire Safety Inspectors from 5 to 9 and an increase in Level 3 certificate qualified inspectors so we expect this positive trend in the delivery of fire safety audits to continue (further detail is provided on page 14 of Appendix A).

11. In relation to our premises risk information, there is further to go to reach 100% of the Service's SSRIs being in date; but various improvement activity (outlined on page 20, Appendix A), which is ongoing, has begun to have a positive impact with 96% now in date. The number of SSRIs has also reduced following detailed review of what risk information is required for particular premises.
12. Beyond our operational activity, in April to September 2023, on average we lost 6.9 shifts lost to sickness, which is level with what we saw in the same period last year. HIWFRS's sickness levels remain higher than the national average. Where sickness types are recorded, unsurprisingly musculoskeletal and mental health related absence are the top two types. A wide range of wellbeing and support services, either delivered by HIWFRS or signposted to external providers, such as the Firefighter's Charity, are made available to our staff.
13. Finally, in the Annual Performance Report 2022/23, the Service recognised the recording of personal development reviews remained a challenge, with only 53% of our staff recording a Personal Development Review (PDR) in 2022/23. Pleasingly, in just the first six months of 2023/24, 62% of staff (by contract) have already had a PDR and recorded it. Furthermore, there is ongoing organisational focus on our PDR processes to ensure they are effective and proportionate for all of our staff groups.

#### SUPPORTING OUR SAFETY PLAN AND PRIORITIES

14. The Mid-Year Performance Update Report provides a view of performance in all the Safety Plan priority areas, with specific progress against the Safety Plan improvements reported in Part One of Appendix A. We regularly check and report progress against the Safety Plan – across our Directorates and within our Executive Group.

#### CONSULTATION

15. There has been a range of internal consultation and collaboration to help develop this report. External consultation has not been required.

## RESOURCE IMPLICATIONS

16. The cost associated with the production of the Mid-Year Performance Update Report is within existing resources.

## IMPACT ASSESSMENTS

17. This report does not lead to any change activity, so no impact assessments are required. However, we have ensured we utilise dyslexia and colour-blind friendly fonts and colours in the Appendix to ensure the reports are as accessible as possible.

## LEGAL IMPLICATIONS

18. There are no legal implications resulting from this report.

## RISK ANALYSIS

19. Failure to regularly report on and scrutinise our performance and progress against our Safety Plan could result in no action being taken to address areas that require improvement, which may affect the outcomes for our communities and our people.

## EVALUATION

20. Monitoring and assessing performance, as well as progress against the Safety Plan are a key part of various evaluation activity that the Service carries out. Assessing our performance allows the Service to identify areas for continuous improvement and to flag and share good practice across public services and the fire sector.
21. Evaluating performance is a core activity of Directorate Boards and management teams across the Service. This is aided by an increasing amount of data and reporting available, with the breadth and depth of real-time performance information accessible to our staff increasing.

## CONCLUSION

22. Throughout April to September 2023, we have seen reduced incident demand; largely driven by cooler, less extreme weather conditions resulting in a 37% reduction in fires when compared to the same period last year. More widely, our response times and the availability of On Call crews remain broadly stable. However, there is continued organisational focus on what can be done to improve availability of, and provide further support to, on call colleagues.



23. We have made notable positive progress in our Fire Safety Audit delivery, review of Site Specific Risk Information (SSRIs) and in our service learning activity. We have also seen significant improvements in terms of the number of our staff who have a recorded PDR. However, more widely in terms of our people, staff sickness remains a challenge that we continue to focus on improving. Finally, while our renewed focus on benchmarking has shown we compare well to other similar services in many areas, we are not complacent and recognise that we need to improve in various areas of performance.

RECOMMENDATION

24. That the 2023/24 Mid-Year Performance Update Report be noted by the HIWFRA Full Authority

APPENDICES ATTACHED

25. Appendix A – 2023/24 Mid-Year Performance Update Report.

Contact: Matt Robertson, Director of Corporate Services,  
[matt.robertson@hantsfire.gov.uk](mailto:matt.robertson@hantsfire.gov.uk), 07918 887532

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APRIL - SEPTEMBER 2023



**Hampshire  
& Isle of Wight**  
FIRE & RESCUE SERVICE

# ANNUAL PERFORMANCE REPORT MID-YEAR UPDATE

This report focuses on our performance to date in 2023/24 (1st April 2023 - 30th September 2023) across key areas aligned with our Safety Plan priorities.



TOGETHER WE MAKE LIFE SAFER

# FOREWORD

This report provides an update on how we are performing in key areas, building upon the more detailed analysis outlined in our [Annual Performance Report](#).

Firstly, I want to take this opportunity to recognise the dedication of all our teams who have continued to work together to make life safer across Hampshire and the Isle of Wight.

I would like to particularly highlight the expertise and determination of the HIWFRS team deployed to aid rescue efforts in Morocco in September. Equally, I pay tribute to all those involved in the Shirley Towers red plaque event at St Marys Fire Station in memory of Alan Bannon and Jim Shears.

Throughout April to September 2023, we have seen reduced incident demand; largely driven by cooler, less extreme weather conditions resulting in a 37% reduction in fires when compared to the same period last year.

More widely, our response times and the availability of On-call crews remain broadly stable. However, there is continued organisational focus on what can be done to improve availability of, and further support to, On-call colleagues.

In terms of our people, we continue to focus on ensuring everyone has had the opportunity to discuss their personal development with their manager. I am delighted to see that the reporting of these conversations continues to improve, with 62% of colleagues already recording their Personal Development Review (PDR).

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**“We have made excellent progress in areas like carbon reduction and PDR completion”.**

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Work continues to improve the accessibility of the PDR recording process to ensure it is as user-friendly as possible for all our staff groups.

Alongside these improving performance metrics, we have also continued to undertake improvements following our HMICFRS inspection and progress delivery of the 10 activities identified as part of the fourth year of the Authority's 2020-2025 Safety Plan, including:

- Completing the first stage of our Community Risk Management Plan analysis and assessment of risks across Hampshire & the Isle of Wight
- Completing the construction of new live fire training facilities at our Headquarters site.



**Matt Robertson**  
Director of Corporate Services

# About this report

This report explores how the Service performed against key operational and corporate health measures in the period 1 April 2023 through to 30 September 2023.

The report is structured around our key organisational priorities while also providing an assessment of progress against our Safety Plan deliverables.

This Mid-Year Update is structured differently to our Annual Performance Report that includes longer-term trend analysis and more detailed benchmarking.

This report provides an update on how we are performing in crucial areas, with a particular emphasis on those measures that we outlined in the Annual Performance Report as needing improvement.



## PART 1

### Safety Plan Improvements

This section summarises progress against our Safety Plan deliverables and activities for the first six months of 2023/24, the fourth year of our five-year plan. It also discusses other activities that we plan to complete by the end of 2023/24.



## PART 2

### Our Performance

This section analyses our performance against key operational and corporate health measures. The section is structured around our five Safety Plan priorities.



## The Annual Performance Report

Whilst there is some trend and benchmark data in this report, a more detailed and comprehensive assessment of our performance over time is undertaken within the Annual Performance Report that is scrutinised by the Fire Authority in June each year.

The Annual Performance Report also includes analysis on additional performance measures that have not been included in this report. These include: wholetime availability, income generation, our reserves position, and our assurance position against the national fire standards. The Annual Performance Report also provides supplementary case study examples of positive practice undertaken across a range of Service areas.

01

# Safety Plan Improvements

This section summarises progress against our Safety Plan deliverables and activities for the completed year (2022/23); the fourth year of our five year plan.



# Delivering our Safety Plan -

## Year 4 (2023/24) Safety Plan improvements

The five-year Hampshire and Isle of Wight Fire and Rescue Service (HIWFRS) Safety Plan was launched in April 2020. This plan sets out our priorities, our values, how we will build on our strengths and how we will address the areas that require focus and improvement.

Each year, the Fire Authority approves a range of in-year improvement activity. The 2023/24 improvements were approved by the Fire Authority on 21 February 2023.

There are 10 Safety Plan improvements for 2023/24 (Year 4), though one improvement includes four different assurance activities - making 13 improvements overall. Two improvements (on on-call ways of working and our Community Risk Management Planning) were also carried forward from Year 3.

To date, 3 of these have been completed (with overall self-assessed progress against the 15 improvements at 48%):

- ▶ We have completed stage 1 of our Community Risk Management Planning (identifying risks in our communities).
- ▶ We have reviewed the 2022/23 HMICFRS report and considered the areas for improvement they suggested. Subsequent actions are being delivered from 2023/24, though some may fall into subsequent financial years.
- ▶ We have reviewed the Manchester Arena Inquiry report and are responding accordingly. We have adopted the NFCC recommendations and are tracking what we have completed and what we are working towards.

Conversely, one improvement activity is yet to commence:

- ▶ Identifying any gaps or risks by undertaking assurance activity against and respond as necessary, to Grenfell Phase 2.

This is yet to start owing to the Grenfell phase 2 report not yet been released. It is expected to be published in December 2023; therefore, this improvement activity will carry over into 2024/25.

Of the remaining 11 improvements, all are on-track to complete by 31 March 2024. Some highlights of work to date include:

- ▶ Recruitment of a project manager, an application developer and two systems trainers to help further improve support to our on-call staff.
- ▶ Developed, and made progress against, a Culture Action Plan, including launching a Cultural Review. This work also ensures that all accountable owners are clear on their actions to continue to improve the way we work together.
- ▶ Feasibility, planning and tendering for the work to improve some of our existing stations; advancing the construction of Cosham fire station and delivering the new live fire training facilities at our headquarters.
- ▶ Completion and evaluation of a trial of a proposed new contract and way of working for On-call teams and ongoing work to create a single set of terms and conditions for Hampshire and Isle of Wight On-call staff.
- ▶ Considerable progress has been made to strengthen the Service's health and safety function. The newly enlarged team is now at full establishment and staff are being upskilled. Our annual Health & Safety Statement of Intent was agreed in April, which we are working towards.
- ▶ Continuing to deliver Carbon improvement works to help mitigate our impact on the environment.



02

# Our Performance

This section analyses our performance against key operational and corporate health measures.

The section is structured around our five Safety Plan priorities.

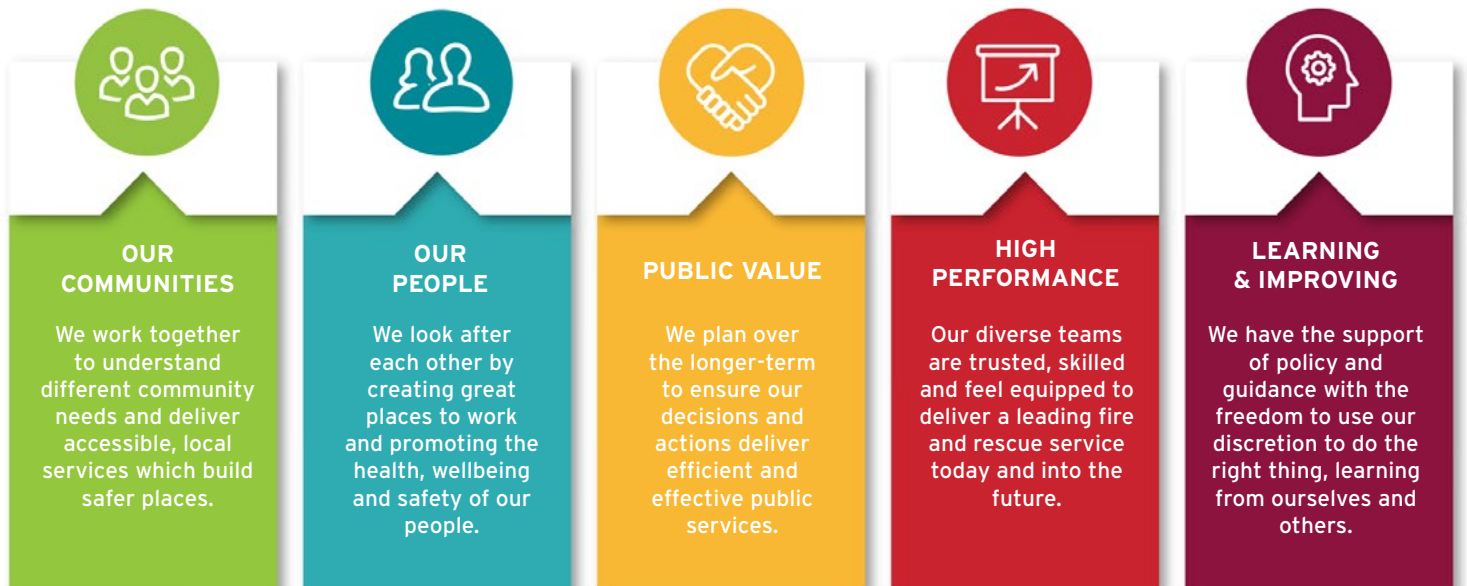


## Our approach to performance

The Service assesses its performance against each of the Hampshire and Isle of Wight Fire Authority's Safety Plan priorities through a range of performance metrics, with comparisons made against previous years and to other fire and rescue services.

The Service uses performance reporting and data analysis to assess our effectiveness, efficiency and financial position; and to inform decisions we make and where we target our resources.

Our performance measures help us find areas for improvement, as well as identify successes and good practice to be shared, where applicable, across public services and the fire sector.



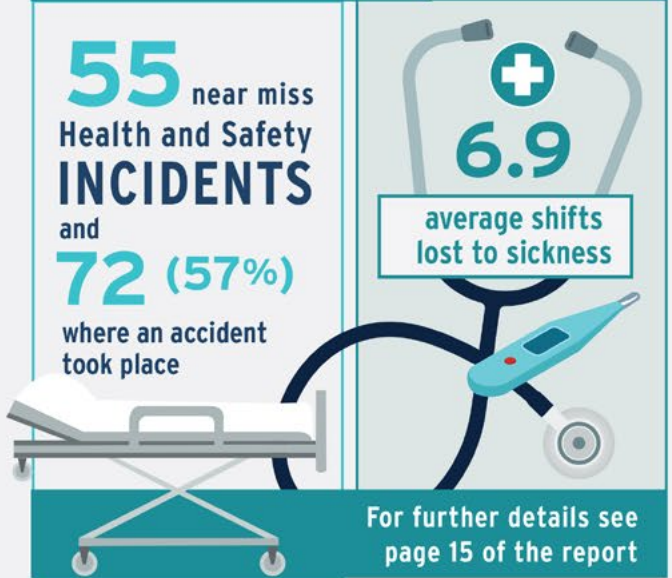
# OUR 2022/23 PERFORMANCE AT A GLANCE



## OUR COMMUNITY



## OUR PEOPLE



## HIGH PERFORMANCE



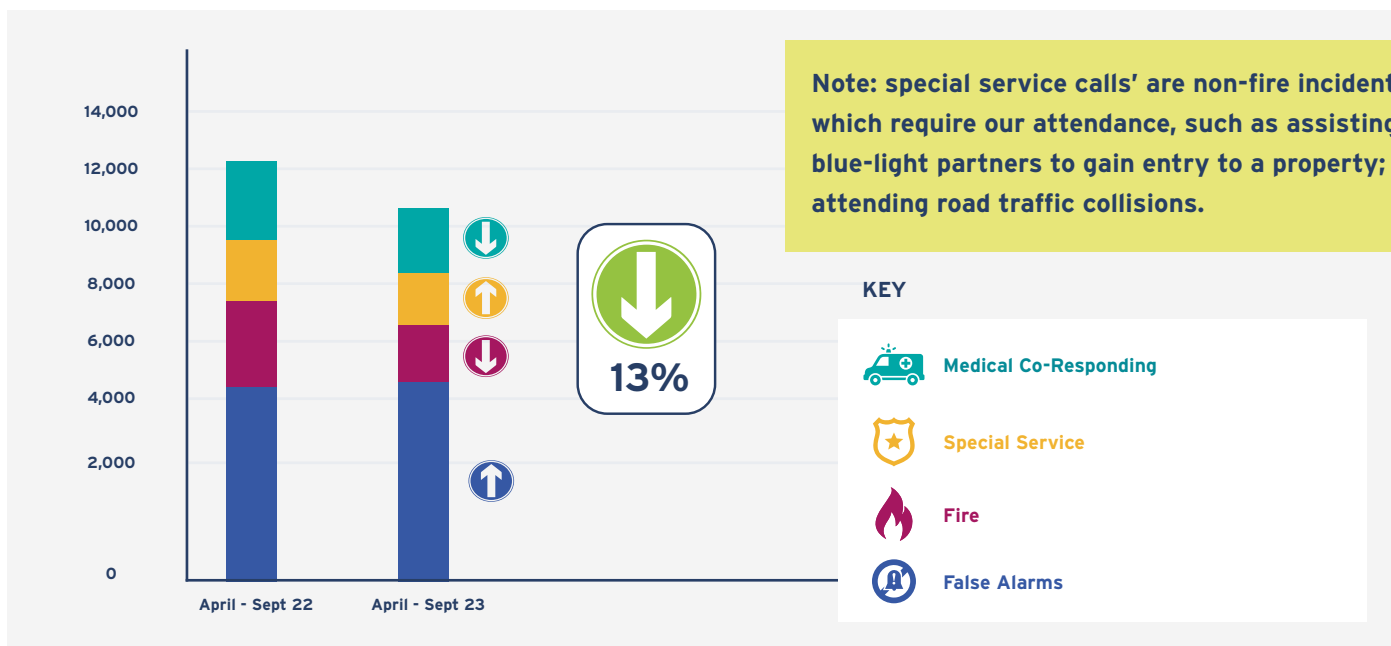
## LEARNING & IMPROVING



# Our Communities - Incidents

In our 2022/23 Annual Performance Report we noted a slight 4% reduction in incident volumes from the previous year - though there was a significant (21%) increase in fires primarily owing to the impact of the unprecedented heatwaves and large number of fires in the open. This was offset by a substantial (40%) reduction in medical co-responding calls.

The first six months of 2023/24 has been markedly different to the same period in 2022/23 - with cooler weather and significantly fewer incidents, particularly in terms of the number of fires. Overall incident volumes, including our co-responding and medical incidents, have decreased by 13% from 12,371 to 10,775. In terms of the change by incident types:



Despite the decrease in fires, false alarms have increased slightly with 63% of false alarms being domestic and 37% commercial.

In addition to the Annual and Mid-Year Update, the identification and analysis of risk to inform the 2025-2030 Safety Plan includes supplementary trend analysis and mapping of our incident demand.

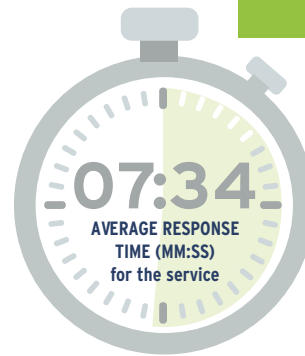


## Average Critical Response Time (excluding call handling)

An incident that endangers people or property, such as a building fire or road traffic collision.

The Annual Performance Report 2022/23 noted that across the year, the average critical response time was 7 minutes 41 seconds.

The average critical response time in April to September 2023 was 7 minutes and 39 seconds. This has increased slightly (5 seconds slower) versus the same period in 2022. When reviewing long-term trends, there is a strong correlation between on-call availability and critical response time performance, as lower on-call availability means appliances have to travel further from other station grounds to respond to incidents. However, for the first six months of this year response times were marginally slower, despite a slight increase in on-call availability. The Service is undertaking work in 2023/24 to improve on-call availability. More detail on this is provided on pages 5 and 11.



April - September 2022

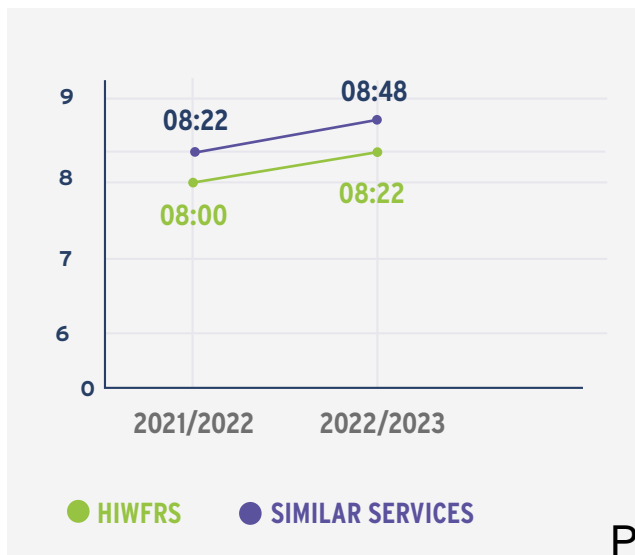


April - September 2023



## Average primary fire response time compared to similar services

Benchmark data on critical response times is not available as this is measured differently across Services, but for 'primary fire' response times HIWFRS significantly outperforms similar services (by 26 seconds in 2022/23, the latest available data).



Like HIWFRS, other services also saw an increase from 2021/22 to 2022/23, with similar trends of reduced on-call availability. We anticipate improvements once our efforts to improve on-call availability have taken place. Furthermore, 2022/23 was far busier than 2021/22, particularly in the summer months, for HIWFRS and most services, which will have impacted the response time trend.

Primary fires include all fires in buildings, vehicles and outdoor structures or any fire involving casualties, rescues or fires attended by five or more appliances.





## Our Communities

### On-call availability

The Annual Performance Report 2022/23 noted on-call availability was at 59% across the year and flagged that in 2023/24 the Service is undertaking work to help further support on-call colleagues and improve on-call availability.

Average on-call availability was 59.1% for April to September 2023, slightly higher (1.1% points) than the same period in the previous year.

HIWFRS has lower day-time availability (42% in April to September 2023) compared to night-time availability (70%).

Whilst average on-call availability for all similar services was 67% in 2022/23; the figure for South-East similar services was 47%, highlighting the regional demographic challenges with on-call.

As a result of the ongoing (and national) on-call availability challenges, increasing on-call availability is a high priority for our Service, as recognised in the 2023/24 Safety Plan improvements.

Accordingly, we are investing in our on-call support officers, efforts to ensure we are retaining our on-call staff, and targeted recruitment, alongside bolstering the support and systems available to On-call teams.





## Our Communities

### Fire fatalities

The 2022/23 Annual Performance Report noted there were six fire fatalities last year, all of which were subject to coroner's investigations that are yet to conclude.

HIWFRS have not responded to any incidents that have resulted in a confirmed fire fatality in April to September 2023, which is very positive.

HIWFRS have the lowest number of fire fatalities by population over the last 10 years, compared to similar services.



### Fire casualties



The Annual Performance Report 2022/23 noted there were 103 fire casualties, but only 12% were severe.

Of the 32 fire casualties which have occurred from April to September 2023, a decrease of 24% compared to the same period the previous year, 41% were slight injuries where the victim, went to hospital and 6% were severe casualties. 47% of the fire casualties were given first aid at the scene, with 6% who went to hospital for precautionary checks.

HIWFRS performs consistently very well when compared to similar services by population for fire casualties, we also have lower rates for severe casualties.



## Our Communities

### Safe and Well Visits

The Annual Performance Report highlighted the significant progress and increase in the delivery of Safe & Well visits, with around 12,000 visits delivered last year.

Between April to September 2023, we undertook 5,867 Safe and Well visits, a slight decrease of 2% versus the same period in 2022/23.

This reduction has been caused by slightly fewer visits being completed by operational crews.

Furthermore, whilst Community Safety teams have carried out a similar number to last year this is fewer than was planned due to resourcing challenges. At the current run rate we will finish the year on around 11,700 visits).



**6,009**

April - September  
2022



**5,867**

April - September  
2023

A working group has been created to develop tools to assist with increasing the number of quality 'risk based' referrals. The first priorities are: to create a targeted social media campaign where we will target members of the public who are deemed most at risk and a campaign to reach those living within our most deprived areas, centralised around the 21 food banks across the county. We will provide awareness sessions for the bank's volunteers and post cards provided for placement in the food boxes.

Furthermore, to improve the quality of referrals we are receiving from partner agencies in terms of accurate and relevant information, our Health team will be working with these partner agencies to improve referral quality and to use our online referral form which will give us everything we need to complete a timely visit.





## Our Communities

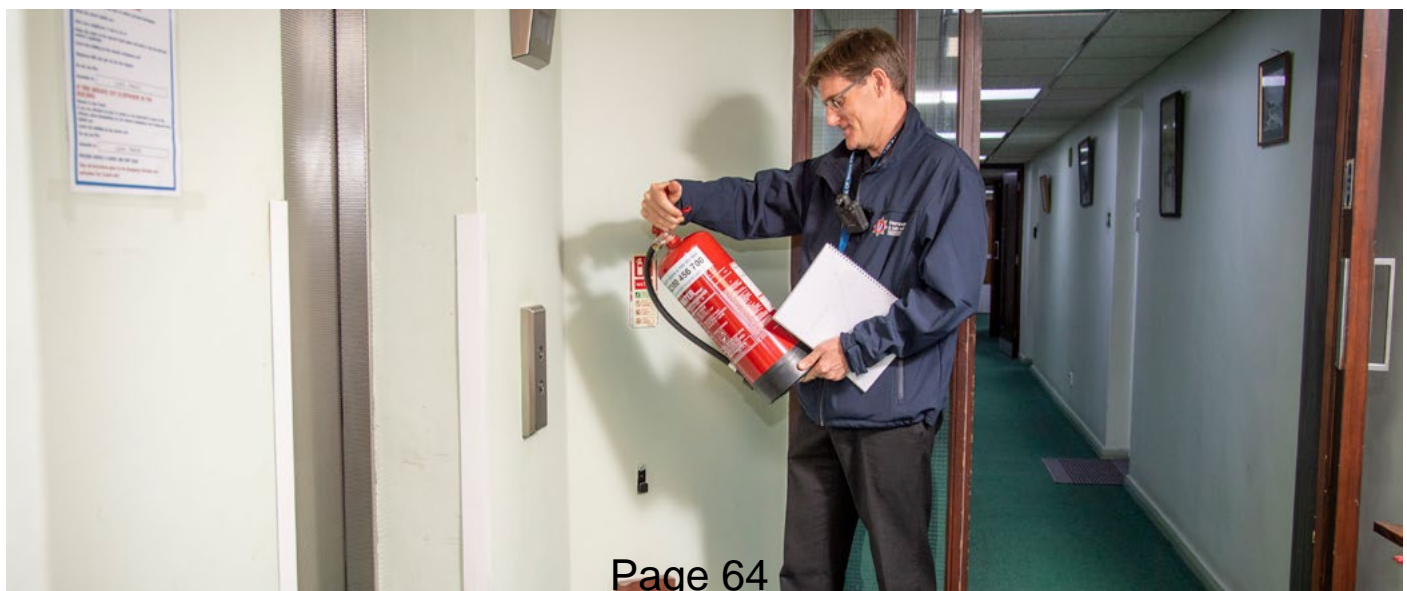
### Fire Safety Audits

The Annual Performance Report highlighted that in 2022/23 we carried out fewer fire safety audits than in the preceding year, but that our enforcement activity did not reduce at the same rate.

In the year to date, 2023/24, we have completed around 20% more Fire Safety Audits (an examination of the premises and relevant documents to ascertain how the premises are being managed with regards to fire safety) than we had at the same time last year.

This has been driven by an increase in fully competent Fire Safety Inspectors from 5 to 9 and an increase in Level 3 certificate qualified inspectors so we expect this positive trend in the delivery of fire safety audits to continue.

Enforcements have decreased this year to date (compared to the same period in 2022/23) by 22%. Prohibition Restrictions have decreased by 40%. These reductions are primarily owing to a greater number of satisfactory audits (67% satisfactory for April to September 2023).







## Our People

### Staff Sickness

The Annual Performance Report noted that a growth in long-term absences increased the amount of shifts lost to sickness.

In April to September 2023, on average we lost 6.9 shifts lost to sickness, which is level with what we saw in the same period last year.

Over the longer term HIWFRS's trend mirrors the national position with sickness increasing nationally for other services across all staff groups. HIWFRS, though, had slightly higher sickness levels compared to the national average for the sector.

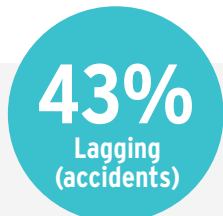
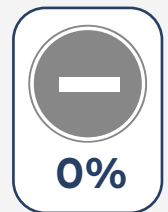


6.9

April - September  
2022

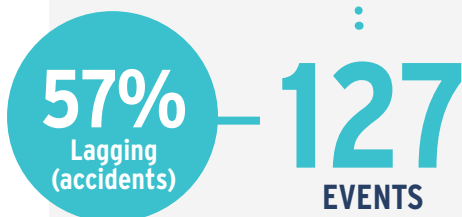
6.9

April - September  
2023



120  
EVENTS

April - September 2022



April - September 2023



### Health and Safety

The Annual Performance Report noted a slight increase in the number of health and safety incidents - with 47% being near misses and 53% where accidents occurred.

There has been a 3% increase in health and safety events between April-September 2023 when compared with the same period in 2022/23. The main causes of accidents are: slips, trips and falls; and manual handling.

HIWFRS had 13 RIDDOR events in April-September 2023 compared with 11 in April-September 2022. However, in the 2023 period there has been far fewer days lost to injury (203 vs 682 in April-September 2022).



## Public Value



The Mid-Year Update is our opportunity to report areas on an exceptions basis - and in terms of the public value financial metrics, there are no notable areas to report on in terms of our efficiency, reserves and income generation figures.

The Chartered Institute of Public Finance and Accountancy (CIPFA) is also yet to publish updated (2023/24 estimates) cost per resident data.

A detailed assessment of efficiencies, our reserves position and income generation, as well as how our cost per resident figures compare to other similar services will be undertaken in the 2023/24 Annual Performance Report.

Furthermore, extensive financial and budget update reports are separately provided to the fire authority on a quarterly basis.





## High Performance



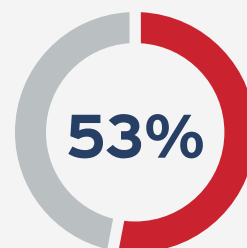
## Personal Development Review (PDR) completion

In our Annual Performance Report we noted how 53% of our staff had recorded a Personal Development Review in 2022/23.

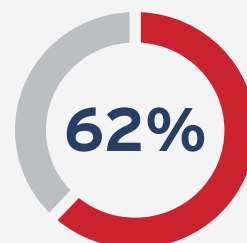
A positive increase in the number of completed PDR's has been seen from April-September 2023. This is 9% higher than the figure for the whole of last year.

Therefore, with the ongoing organisational focus on PDRs, we are confident we will continue to increase our PDR completion rate in the latter half of 2023/24; and perform far better than previous years when comparing ourselves to similar Services at the end of 2023/24.

### THE WHOLE OF 2022/23



### April - September 2023





## High Performance

### Diversity



# DIVERSITY

There continues to be a significant focus on the equality, diversity, inclusion and culture of the Service, with steady progress.

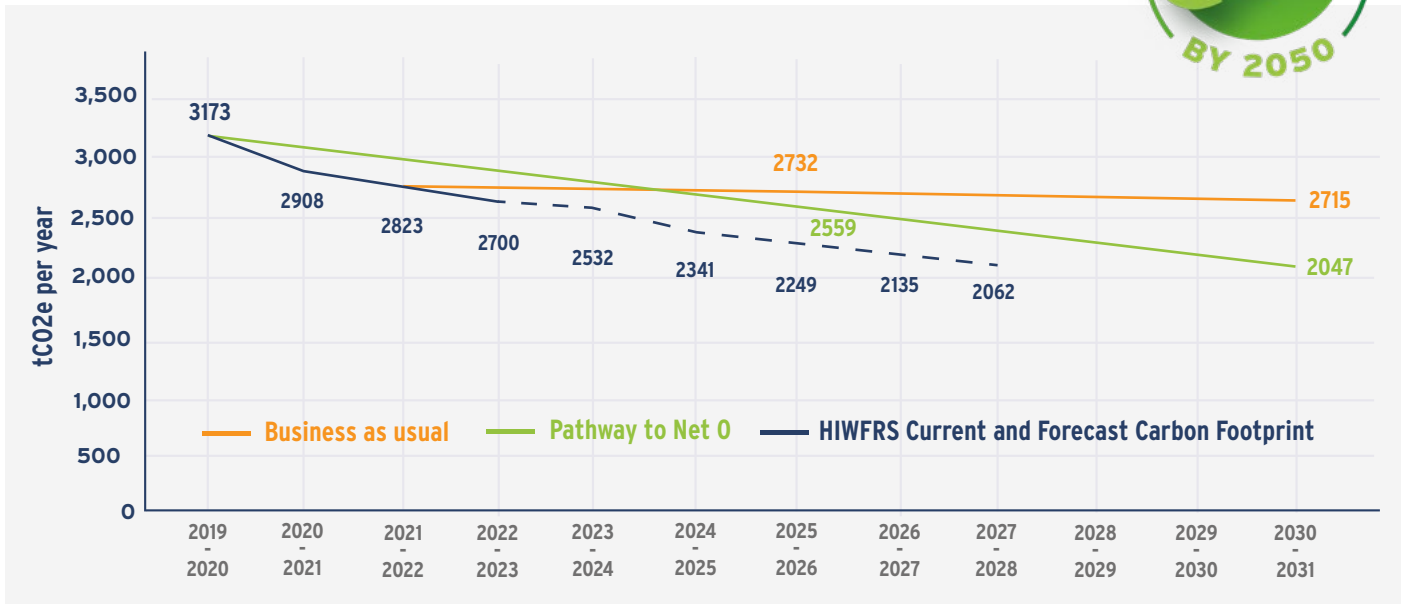
Some small but notable changes in the last six months include:

- The HIWFRS position for firefighters aged 46 and over is broadly consistent with the population of Hampshire and the Isle of Wight and owing to wholetime recruitment and retirements, we have seen this percentage reduce slightly, by 2% points.
- 11% of staff have not disclosed their ethnicity, 1% point better than at the end of March. This compares with 9% for England as a whole and 11% for similar services.
- 53% of staff have not disclosed their sexuality, 7% points better than six months ago.
- There is regular internal scrutiny and review of our equality, diversity and inclusion (EDI) statistics and activity, as well as an ongoing review of our culture. Furthermore, a detailed assessment of HIWFRS diversity figures and how we compare to other similar services will be undertaken in the 2023/24 Annual Performance Report.



## High Performance

# Carbon Pathway (to Net Zero by 2050)



The Service has provided regular updates to the Authority on the progress of our Carbon Reduction strategy and our pathway to net zero by 2050. Furthermore, since the Annual Performance Report was scrutinised by the Authority the 2022/23 carbon footprint figure was finalised.

HIWFRS continues to take a proactive approach to reducing our environmental impact and **in 2022/23 our carbon footprint was 2,700 tCO2e.**

### This is:

- **15% lower than our 2019/20 baseline of 3,173 tCO2e**
- **63 tCO2e lower (and better) than the carbon footprint we previously forecast we would have at the end of 2022/23.**

As a result, we are now forecasting better reductions moving forward in future years, down to a forecast carbon footprint of tCO2 2,062 in 2027/28.

Compared to the 2019/20 baseline:

- there has been sustained improvement in the energy efficiency of the estate, driven by programmes to improve the building fabric and replace single skin steel concertina appliance bay doors
- there has been a large decrease in the fuel use of specialised vehicles, which is likely due to the purchase of new, more fuel-efficient rescue pumps.

We continue to assess our regional emissions of our premises and our estates and fleet teams continue to co-ordinate the roll-out of electric vehicle charging infrastructure, where charging points have been rolled out to 37 sites with 277 vehicles being suitable for full or partial electrification.

**277** vehicles suitable for full or partial electrification.





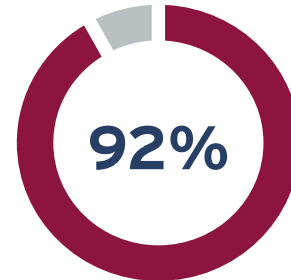
## Site Specific Risk Information (SSRI) in date

The Annual Performance Report noted improvements over time, but that there was more to do to: ensure all our risk information was in date and to improve our systems, processes and training in this area.

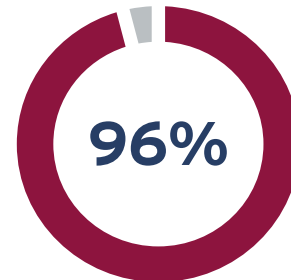
We continue to have a strong focus on the risk information we hold and maintain - and we have seen notable improvement with an additional 4% of premises risk information now in date.

There is further to go to reach 100% of the Service's SSRIs being in date; but the improvement activity has begun to have a positive impact with 96% of SSRIs now in date.

2023  
(as at 31st March)



2023  
(as at 30th September)



## Service Learning

April - September  
2022



April - September  
2023



In the Annual Performance Report it was recognised that more needed to be done to improve the capture and actioning of learning from across the Service.

In April-September 2023, there were 263 learning points which is 53% less than the same period in the previous year. The Learning and Assurance team have focused efforts on engaging with the Service to ensure the Service Learning Tool is being utilised in the correct way. This has resulted in valuable learning points, which can be actioned, being processed alongside the redirection of any submissions that are not relevant to the tool.

Furthermore, additional resource has been allocated to the team to enable a greater focus on all operational learning and assurance activity. The team have carried out closer scrutiny of open learning points to ensure a more effective closure process and have worked with key stakeholders to discuss learning and incident debriefs.



**Hampshire  
& Isle of Wight**  
FIRE & RESCUE SERVICE



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**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Full Authority**

Purpose: Noted

Date: **5 DECEMBER 2023**

Title: **PROPERTY MATTERS**

Report of Chief Fire Officer

### SUMMARY

1. This report summarises property related matters where action has already been taken under delegated authority. These actions are reported in accordance with the Authority's Scheme of Delegation. The Authority are asked to note these actions.

### BACKGROUND

2. The Hampshire and Isle of Wight Fire and Rescue Authority (HIWFRA) Constitution states that HIWFRA must:
  - (a) *'Consider and approve the sale and purchase of land or buildings with a value greater than £250,000, or the disposal of land or buildings by way of lease or licence for a period greater than 10 years or at a value greater than £100,000 per annum'.*
3. Any proposed property transactions falling within these parameters are reported to HIWFRA for approval to proceed.
4. Any property transactions which fall outside of these parameters are approved under the HIWFRA Scheme of Delegation and are included herein for information and noting by Members.

### PROPERTY MATTERS

5. The following actions have been undertaken by Officers under delegated authority:
  - (a) The lease at Alresford with the Office of Police Crime Commissioner (OPCC) was surrendered with a new lease including and larger

demise and thus an increase rental value from £15,985 to £18,910, signed on 20 March 2023.

- (b) The OPCC rental review at Winchester has increased by RPI from £45,982.24 to £52,343.93, backdated to 19 March 2023.
- (c) The OPCC licence review at Service Headquarters has increased from £17,887.20 to £20,291, backdated to 24 January 2023.
- (d) The OPCC service charge review at Service Headquarters has increased from £36,580.29 to £41,214, backdated to 24 January 2023.
- (e) The NHS licence review at Service Headquarters has increased from £69,500 to £77,376, backdated to 3 June 2023.
- (f) The OPCC rental review at Southsea has increased by RPI from £24,965.88 to £28,035.85, backdated to 1 September 2022.
- (g) Rent Review memorandums were signed for the agreement with Cluttons at both Freshwater and Bembridge. This increases these rents from £9,500 to £10,115.65 per annum for the telecoms equipment on each drill tower.
- (h) Southern Health Foundation Trust have moved into the Basingstoke Annex, which will house their Solent Minds (iTalk) service. The lease dated 1 September 2023 for 5 years at £22,500 per annum.
- (i) DrugLink have signed a Hire Agreement for the use of community rooms based at Southsea and St Marys for eight sessions across September and October, with a fee of £100 per day.
- (j) Isle of Wight Ambulance Service served notice and withdrew from using Sandown Fire Station on 20 July 2023, due to no longer needing to use the site as a welfare stop for their crews. The loss of service charge comes to £3,500 per annum.
- (k) The OPCC have served notice on West Cowes Fire station, vacating in December 2024. This will be a loss of £13,333 per annum.
- (l) Hampshire and Isle of Wight Fire and Rescue Service have served notice on the Bishops Waltham Temporary Fire Station. Payment of £20,000 +VAT to Verotec Ltd (the new tenant) absolves all dilapidation liability for the unit. The lease was ended on 17 October 2023.

## SAFETY PLAN AND PRIORITIES

6. One of the Authority's priorities is to manage assets, including buildings, land and equipment in a cost-effective way. The proposals and actions taken in this report support this.
7. The Safety Plan identifies Public Value as a key priority, our estates strategy supports this by maximising returns from property assets and making the best use of our estate. The proposals outlined within this report support this aim.

## CONSULTATION

8. Consultation is necessary where there is a statutory duty to consult. It is also necessary where there is a significant decision and where we have said that we will have consulted on similar matters in the past.
9. For the property matters outlined within this report no public consultation has taken place since the activities are deemed as business as usual functions of effectively managing our property estate.
10. Consultation has taken place at all fire station premises with local teams and partners based there before any decision has been made in relation to extending or establishing a new lease/licence with a third party.

## COLLABORATION

11. The granting of leases to partners to enable shared occupation of HIWFRA property supports and furthers our current collaborative partnerships.

## RESOURCE IMPLICATIONS

12. All property related matters in this report are considered to be cost effective and are met from within existing resources.
13. The income from sharing premises will contribute to offset operating costs which would otherwise be a direct cost to the Authority.

## IMPACT ASSESSMENTS

14. The contents in this report are considered compatible with the provisions of equality and human rights legislation.
15. Where there are local impacts, Impact Assessments have been undertaken in line with the Service Change Framework.

## LEGAL IMPLICATIONS

16. There are no legal implications arising from the matters contained within this report. Legal advice is routinely sought for all lease and licence agreements.

## BENEFITS

17. There are two benefits to the agreements set out in this report. Firstly, it allows the Service to recover costs which enables the organisation to more cost efficiently run a large estate. Secondly, it is a collaborative approach with our partners and allows closer operational working.

## RISK ANALYSIS

18. There are no identified risks associated with the activities listed within this report.

## EVALUATION

19. Colocation with partners is monitored through regular liaison meetings and formally reviewed in line with the timetable set out in each lease/licence.

## CONCLUSION

20. The activities outlined within this report enable the Authority to manage assets, including buildings, land and equipment in a cost-effective way.

## RECOMMENDATION

21. That the items set out in this report be noted by the HIWFRA Full Authority.

Contact: Matt Robertson, Director of Corporate Services,  
[matt.robertson@hantsfire.gov.uk](mailto:matt.robertson@hantsfire.gov.uk), 07918 887532



**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Full Authority**

Purpose: Noted

Date: **5<sup>th</sup> December 2023**

Title: **PENSIONS ARRANGEMENTS**

Report of Chief Financial Officer

### SUMMARY

1. This report sets out the arrangements for the administration of pensions within the service.
2. It covers both how the service fulfils its responsibilities as an employer as well as how support is provided to serving firefighters and pensioners.

### BACKGROUND

3. Following changes to the HR arrangements covered at the October 2023 Full Authority meeting, a recommendation to provide a separate report on pensions matters was made. This report covers that recommendation.

### RELEVANT PENSION SCHEMES

4. The Authority currently has employees in two pension schemes:
  - (a) The Local Government Pension Scheme for green book employees, fire control and any other firefighter who joined the scheme at the rank of station manager or above.
  - (b) The 2015 Firefighters Pension Scheme for operational staff except for those listed above.

### PENSION RESPONSIBILITIES

5. There are several aspects to pension scheme responsibilities which are outlined in further detail below:
  - (a) Governance
  - (b) Employer responsibilities
  - (c) Administration.

#### PENSION SCHEME GOVERNANCE

6. Each scheme has a national Scheme Advisory Board. Their role is to advise the Responsible Authority on the desirability of changes to the scheme. The Responsible Authorities for the schemes are as follows:
  - (a) LGPS – DLUHC minister
  - (b) Firefighters pension scheme – Home Office minister
7. Locally each scheme has a pension board, who assist the scheme manager in securing compliance with relevant regulations and a scheme manager, who is responsible for managing and administering the scheme. The arrangements for this are as follows:
  - (a) LGPS – Pension Fund Panel and Board is the scheme manager and pension board. This is because the County Council is the Administering Authority for the Scheme.
  - (b) Firefighters pension scheme – Standards and Governance Committee is the scheme manager, Firefighters Pension Board is the pension board.
8. In practice the scheme manager receives support from officers and delegates decision making powers on administrative matters to the Chief Fire Officer and Chief Financial Officer.

#### EMPLOYER RESPONSIBILITIES

9. As the employer, the Authority has a range of responsibilities including:
  - (a) To understand and apply regulations
  - (b) Make decisions on discretionary elements of the scheme
  - (c) Account for pension costs

- (d) Submit data to HMRC / Home Office
  - (e) Communicate scheme changes to employees
  - (f) Put employees into the scheme, deduct contributions
  - (g) Provide employee information to the pension administrator.
10. In practice, these tasks are carried out by different parts of the organisation and the shared services partnership, working collaboratively. The bulk of the work sits with the Integrated Business Centre Pensions Administration team, who carry out the pension functions on behalf of the Authority. Accounting is carried out by the shared services Finance team, and the Chief Financial Officer works with others to ensure that regulations are understood and applied.
11. The HR team also have a role in effective delivery of pension responsibilities, both in terms of making sure that employer responsibilities are fulfilled and that employees and prospective employees understand the benefits available from the pension scheme. In the future HR structure, provisionally approved by the Authority in October, there is provision for support for and the development of expertise in employer pension responsibilities. This will include horizon scanning for developments, reviewing and interpreting pensions guidance and providing training input to new staff, pre-retirement courses and other relevant training. There will be a breadth of expertise across multiple team members.
12. In addition, expert support in the form of training and query resolution is provided by the Local Government Association.

#### PENSIONS ADMINISTRATION

13. The pensions administrator for the Fire Authority is Hampshire Pension Services, part of Hampshire County Council. They are broadly responsible for administering the pension scheme in accordance with regulations and instructions from the employer, including:
- (a) Maintaining records
  - (b) Calculating benefits
  - (c) Paying pensions.
14. For pensions administration to work effectively it is essential that there is a good working relationship and understanding between the employer and

administration side. The changes to the HR function will not impact the longstanding and positive relationships between those involved.

#### McCLOUD AND MATTHEWS REMEDIES

15. The McCloud and Matthews remedies mean that there is a significantly increased volume and complexity of work relating to Firefighters Pensions. Some of this work is the responsibility of the employer and some the responsibility of the pension administrator. Fuller details are provided in regular updates to the Firefighters Pension Board.
16. Due to the complexity of the issues involved, additional resources are being called on both from within the service and the shared services partnership. Currently the additional costs are covered by Government grant.

#### PENSION QUERY RESOLUTION

17. For any active employees with queries relating to their pension deductions, they will need to contact the IBC Pensions Administration Team via Self Service, using their ESS portal to raise an enquiry. The team will provide a response to the individual or signpost them to relevant information. A range of self service information, including payslips and P60s is also available to employees through their ESS portal. The team can also support with additional pension deductions and planning for retirement.
18. Pensioners and employees with queries about documentation relating to their pension at retirement will need to contact pension services. The primary way of contacting pension services is via the Pensions Portal. However, Pension Services can also be contacted by telephone or by post.
19. Both teams are committed to providing a high quality of customer service and regularly receive excellent customer satisfaction scores. However, if issues do occur, they can be dealt with either within the teams or by the service, including through the formal Internal Dispute Resolution Process.

#### CONCLUSION

20. This report has set out the robust arrangements relating to pensions that exist.

<u>RECOMMENDATION</u>
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21. That the content of the report be noted by the HIWFRA Full Authority

Contact: Catherine Edgecombe, Chief Financial Officer,  
Catherine.edgecombe@hants.gov.uk, 0370 779 6214

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AT A MEETING of the HIWFRA 3S Fire CIC Stakeholder Committee of Hampshire and Isle of Wight Fire and Rescue Authority, held at Fire & Police HQ, Eastleigh on Tuesday 10th October, 2023

Chairman:

\* Councillor Roger Price

\* Councillor Fran Carpenter

\* Councillor Sally Goodfellow

\* Councillor Zoe Huggins

\* Councillor Hugh Lumby

## 39. **APOLOGIES FOR ABSENCE**

All Members were present for the meeting and there were no apologies.

## 40. **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.

There were no declarations.

## 41. **MINUTES OF THE PREVIOUS MEETING**

The open minutes from the meeting held on 14 March 2023 were noted and approved.

## 42. **DEPUTATIONS**

There were no deputations for the meeting.

## 43. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed new Members to the meeting.

## 44. **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 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.

45. **3SFIRE LIMITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023 AND ADDED VALUE FOR THE COMMUNITY**

The Committee received a report from the Managing Director of 3SFire CIC (item 7 in the minute book) on financial results [SEE SUMMARY OF EXEMPT MINUTE]

46. **3SFIRE COMMUNITY INTEREST COMPANY - BUSINESS UPDATE AND FINANCIAL YEAR PROJECTIONS 2023/24**

The Committee received a report from the Managing Director of 3SFire CIC (item 8 in the minute book) with a business update and projections [SEE SUMMARY OF EXEMPT MINUTE]

47. **EXEMPT MINUTES OF THE PREVIOUS MEETING**

The exempt minutes from the meeting held on 14 March were approved by the Committee.

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Chairman,

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

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