

**Open**

# **Overview & Scrutiny Committee**

## **Agenda**

**6pm**  
**Thursday, 7th November 2013**  
**Council Chamber**  
**Wyre Forest House**  
**Finepoint Way**  
**Kidderminster**



## Overview & Scrutiny Committee

### Members of Committee:

**Chairman: Councillor H E Dyke**  
**Vice-Chairman: Councillor T Ingham**

**Councillor C Brewer**

**Councillor J Greener**

**Councillor D C H McCann**

**Councillor J Phillips**

**Councillor C Rogers**

**Councillor N Gale**

**Councillor V Higgs**

**Councillor T L Onslow**

**Councillor M Rayner**

**Councillor A M Sewell**

**Would Members please note that, to ensure continuity in scrutiny, substitutes should only be appointed for the Scrutiny Committee in exceptional circumstances.**

### Information for Members of the Public:

**Part I** of the Agenda includes items for discussion in public. You have the right to inspect copies of Minutes and reports on this Agenda as well as the background documents used in the preparation of these reports.

**Part II** of the Agenda (if applicable) deals with items of "Exempt Information" for which it is anticipated that the public may be excluded from the meeting and neither reports nor background papers are open to public inspection.

### **Declaration of Interests by Members – interests of members in contracts and other matters**

Declarations of Interest are a standard item on every Council and Committee agenda and each Member must provide a full record of their interests in the Public Register.

In addition, alongside the Register of Interest, the Members Code of Conduct ("the Code") requires the Declaration of Interests at meetings. Members have to decide first whether or not they have a disclosable interest in the matter under discussion.

Please see the Members' Code of Conduct as set out in Section 14 of this constitution for full details.

### **Disclosable Pecuniary Interest (DPI) / Other Disclosable Interest (ODI)**

DPI's and ODI's are interests defined in the Code of Conduct that has been adopted by the District.

If you have a DPI (as defined in the Code) in a matter being considered at a meeting of the Council (as defined in the Code), the Council's Standing Orders require you to leave the room where the meeting is held, for the duration of any discussion or voting on that matter.

If you have an ODI (as defined in the Code) you will need to consider whether you need to leave the room during the consideration of the matter.

### **Co-opted Members**

Scrutiny Committees may wish to appoint Co-Opted Members to sit on their meetings in order to add value to the scrutiny process. To appoint a Co-Opted Member, a Committee must first agree to appoint either a specific person or to approach a relevant organisation to request that they put forward a suitable representative (e.g. the local Police Authority). Co-Optees are non voting by default but Committees can decide to appoint voting rights to a Co-Optee. The Co-Option of the Member will last no longer than the remainder of the municipal year.

Scrutiny Committees can at any meeting agree to terminate the Co-Option of a Co-Opted Member with immediate effect. Where an organisation is appointed to put forward a Co-Opted Member, they are able to send a substitute in exceptional circumstances, provided that they notify Democratic Services in advance. Co-Opted Members must sign up to the Members Code of Conduct before attending their first meeting, failure to sign will mean that they are unable to participate. This also applies to substitute Co-Opted Members, who will need to allow sufficient time before a meeting in order to sign the Code of Conduct.

The following will apply:

- i) The total number of voting co-opted members on any Scrutiny Committee will not exceed 25% at any one time.
- ii) The total number of voting Co-opted Members on any Review Panel will not be limited.
- iii) Those Co-opted Members with voting rights will exercise their rights in accordance with the principles of decision making set out in the constitution.

**For Further information:**

**If you have any queries about this Agenda or require any details of background papers, further documents or information, you should contact Louisa Bright, Committee and Member Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732763 or email [louisa.bright@wyreforestdc.gov.uk](mailto:louisa.bright@wyreforestdc.gov.uk)**

Wyre Forest District Council  
Overview & Scrutiny Committee

Thursday, 7th November 2013

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1 - Open to the press and public

| <b>Agenda item</b> | <b>Subject</b>   | <b>Page Number</b> |
|--------------------|--|--------------------|
| <b>1.</b>          | <b>Apologies for Absence</b>   |                    |
| <b>2.</b>          | <b>Appointment of Substitute Members</b><br><br>To receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Solicitor of the Council, together with the name of the Councillor for whom he/she is acting.   |                    |
| <b>3.</b>          | <b>Declarations of Interests by Members</b><br><br>In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered.<br><br>Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details. |                    |
| <b>4.</b>          | <b>Minutes</b><br><br>To confirm as a correct record the Minutes of the meeting held on the 3rd October 2013.  | 6                  |
| <b>5.</b>          | <b>Recommendations from Treasury Management Review Panel: Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2013/14</b><br><br>To consider a report from the Chief Financial Officer which provides a mid-year review of the Council's treasury management policies, practices and activities in accordance with the revised CIPFA Treasury Management Code of Practice.  | 10                 |
| <b>6.</b>          | <b>Hereford &amp; Worcester Fire and Rescue Authority – Draft Community Risk Management Plan 2014-2020</b><br><br>To consider a report from the Chief Executive on the draft community risk management plan.<br><br>The notes from the Members Briefing Session held on Thursday 24 <sup>th</sup> October 2013 regarding the Fire Authority consultation proposals are attached for Members information.   | 29                 |

|            |   |    |
|------------|---|----|
| <b>7.</b>  | <b>Feedback from Cabinet</b><br><br>To note the content of the Cabinet action list, following consideration of the recommendations from the meeting on 22 <sup>nd</sup> October 2013.   | 60 |
| <b>8.</b>  | <b>Work Programme</b><br><br>To review the work programme for the current municipal year with regard to the Sustainable Community Strategy Theme, Corporate Plan Priority, Annual Priorities and the Forward Plan.  | 61 |
| <b>9.</b>  | <b>Press Involvement</b><br><br>To consider any future items for scrutiny that might require publicity.   |    |
| <b>10.</b> | <b>To consider any other business, details of which have been communicated to the Solicitor of the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b>  |    |
| <b>11.</b> | <b>Exclusion of the Press and Public</b><br><br>To consider passing the following resolution:<br><br>“That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in paragraph 3 of Part 1 of Schedule 12A to the Act”. |    |

## Part 2

Not open to the Press and Public

|            |  |  |
|------------|--|--|
| <b>12.</b> | <b>To consider any other business, details of which have been communicated to the Solicitor of the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b> |  |
|------------|--|--|

**WYRE FOREST DISTRICT COUNCIL**

**OVERVIEW & SCRUTINY COMMITTEE**

**COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY, KIDDERMINSTER**

**THURSDAY, 3RD OCTOBER 2013 (6PM)**

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**Present:**

Councillors: H E Dyke (Chairman), T Ingham (Vice-Chairman), C Brewer, N Gale, J Greener, V Higgs, D C H McCann, T L Onslow, J Phillips, M Rayner, C Rogers and A M Sewell.

**Observers**

Councillors: G W Ballinger, N J Desmond, M J Hart, A T Hingley and J A Shaw.

**OS.33      Apologies for Absence**

There were no apologies for absence.

**OS.34      Appointment of Substitutes**

No substitutes were appointed.

**OS.35      Declarations of Interests by Members**

Councillor N Gale declared a Disclosable Pecuniary Interest (DPI) in agenda item 5 – Wyre Forest Health Action Plan Update, as she is a Board Member of The Worcestershire Health and Wellbeing Board, and agenda item 10 – National Non Domestic Rate Relief (NNDR), as she is a Board Member of The Community Housing Group.

Councillor H E Dyke declared a DPI in agenda item 10 – National Non Domestic Rate Relief (NNDR), as her husband works for The Community Housing Group.

Councillor J Greener declared a DPI in agenda item 10 – National Non Domestic Rate Relief (NNDR), as she is a Board Member of The Community Housing Group.

Councillor M Rayner declared a DPI in agenda item 10 – National Non Domestic Rate Relief (NNDR), as she is a Board Member of The Community Housing Group.

Councillor J Phillips declared a DPI in agenda item 10 – National Non Domestic Rate Relief (NNDR), as he is a shared ownership tenant of a Community Housing Group property.

**OS.36      Minutes**

**Decision: The minutes of the meeting held on 12th September 2013 be confirmed as a correct record and signed by the Chairman.**

**OS.37      Wyre Forest Health Action Plan Update**

The Committee received a report from the Principal Health and Sustainability

Officer which updated Members on the work to improve health and wellbeing in

Wyre Forest, and sought endorsement of the new Wyre Forest Health Action Plan 2013/14.

The Strategic Housing Services Manager led Members through the report and highlighted some of the key projects undertaken as part of the 2012/13 action plan.

The Committee considered and discussed each page of the 2013/14 action plan in turn. In response to a Members question regarding the listening events, the Health Improvement Co-ordinator confirmed that the majority of the events had taken place within the areas of highest needs. The Health Improvement Co-ordinator agreed to contact Councillors Sewell and Rayner to see if there were any health related projects that the team may be able to support within their area.

**Agreed: Recommend to Cabinet:**

**The Wyre Forest Health Action Plan 2013/14, as attached at Appendix 2 to the report to the Overview and Scrutiny Committee, be approved.**

Councillor N Desmond left the meeting at this point, (6.23pm).

**OS.38 Supported Housing for Young People – Local Letting Plan**

The Committee received a report from the Strategic Housing Services Manager which outlined the current progress on the Bromsgrove Street Foyer which would provide supported accommodation for young people aged between 16-25 years.

Councillor N Desmond re-entered the meeting at this point, (6.27pm).

Members were updated on the details regarding the establishment of the steering group that would oversee the delivery of the project and agreed it would be beneficial for an Independent Person to be appointed onto the multi-agency appeals panel.

**Agreed: Recommend to Cabinet:**

- **An Independent Person be appointed onto the multi-agency appeal panel.**
- **The Bromsgrove Street Foyer Local Letting Plan be approved.**

**OS.39 Wyre Forest District Development Plan: Revised Local Development Scheme (Project Plan 2013-16)**

The Committee received a report from the Planning Policy Manager on the proposals for the revision of the Local Development Scheme (Project Plan) which would guide the future production of the District's Local Plans.

Members were led through the report and advised that the revised Project Plan provided a realistic programme to focus the Council's objectives for development planning over the next three year period.

**Agreed: Recommend to Cabinet:**

**The proposed Revised Local Development Scheme 2013-16, as set out in Appendix 1 of the report to the Overview and Scrutiny Committee, be endorsed.**

**OS.40 Community Infrastructure Levy**

The Committee received an update from the Planning Policy Manager on the work undertaken on the Community Infrastructure Levy (CIL).

Members considered the report which incorporated the recommendations from the Local Development Review Panel meeting held on 2nd September 2013, where the Panel Members had discussed at length the potential impacts that implementing CIL could have on the Council's Development Strategy.

**Agreed: Recommend to Cabinet:**

**The progression of a Community Infrastructure Levy Charging Schedule is postponed and the position is reviewed again later in 2014.**

**OS.41 Scoping of Scrutiny Exercise**

The Committee considered a scrutiny proposal form regarding the effectiveness of the system for disabled parking permits – “blue badges”.

**Agreed:**

- **The proposal be progressed by way of a review panel.**
- **The Committee and Member Services Officer to contact Group Leaders asking for nominations for the review panel.**

Councillor V Higgs left the meeting at this point, (7.00pm).

**OS.42 National Non Domestic Rate Relief (NNDR)**

The Committee considered a report from the Director of Economic Prosperity and Place which set out the responses to the consultation carried out during March - May 2013 regarding the new scheme of NNDR relief proposed for April 2014, and presented the final scheme to be agreed at the meeting of the Council's Cabinet on 22nd October 2013.

The Director of Economic Prosperity and Place led Members through the report and a detailed discussion ensued. Following a show of hands, the option set out at 5.1(a) of the report to the Overview and Scrutiny Committee was carried.

**Agreed: Recommend to Cabinet:**

**The responses set out in Appendix 2 and the amendments to the proposed scheme set out at Appendix 1 in the report to the Overview and Scrutiny Committee, be endorsed.**



**OS.43      Feedback from Cabinet**

**Agreed: The content of the Cabinet action list following consideration of the recommendations from the meeting on 17<sup>th</sup> September 2013 be noted.**

**OS.44      Work Programme**

**Agreed: The Committee and Member Services Officer to update the Work Programme with the Proposed Levy on Large Retail Outlets Item discussed at September Council.**

**OS.45      Press Involvement**

There were no future items for scrutiny that might require publicity.

There being no further business, the meeting ended at 7.53 pm.



## Overview & Scrutiny Committee

### Briefing Paper

Report of: Tracey Southall  
Chief Financial Officer  
Date: Thursday 7<sup>th</sup> November 2013  
Open

#### **Recommendations from Treasury Management Review Panel: Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2013/14**

#### **1. Summary**

- 1.1 To provide Members with a mid-year review of the Council's treasury management policies, practices and activities in accordance with the revised CIPFA Treasury Management Code of Practice.

#### **2. Background**

- 2.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.
- 2.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 2.3 Accordingly, Treasury management is defined as:
- “The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 2.4 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) was adopted by this Council on 29<sup>th</sup> February 2012.
- 2.5 The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement that sets out the policies and objectives of the Council's Treasury Management activities.
  2. Creation and maintenance of Treasury Management Practices that set out the manner in which the Council will seek to achieve those policies and objectives.
  3. Receipt by the Full Council of an Annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
  4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
  5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Treasury Management Review Panel who will consider and endorse this report on 6<sup>th</sup> November 2013, and make recommendations to the Overview and Scrutiny Committee to be held on 7<sup>th</sup> November 2013. Cabinet and Council approval will then be sought.
- 2.6 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
- An economic update for the 2013/14 financial year to 30<sup>th</sup> September 2013;
  - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
  - The Council's capital expenditure (prudential indicators);
  - A review of the Council's investment portfolio for 2013/14;
  - A review of the Council's borrowing strategy for 2013/14;
  - A review of any debt rescheduling undertaken during 2013/14;
  - A review of compliance with Treasury and Prudential Limits for 2013/14.

### **3. Key Issues**

#### **3.1 Economic performance to date**

During 2013/14 economic indicators suggest that the economy is recovering, albeit from a low level. After avoiding recession in the first quarter of 2013, with a 0.3% quarterly expansion the economy grew 0.7% in Q2. There have been signs of renewed vigour in household spending in the summer, with a further pick-up in retail sales, mortgages, house prices and new car registrations.

The strengthening in economic growth appears to have supported the labour market, with employment rising at a modest pace and strong enough to reduce the level of unemployment further. Pay growth also rebounded strongly in April, although this was mostly driven by high earners delaying bonuses until after April's cut in the top rate of income tax. Excluding bonuses, earnings rose by just 1.0% year on year, well below the rate of inflation at 2.7% in August, causing continuing pressure on household's disposable income.

The Bank of England extended its Funding for Lending Scheme (FLS) into 2015 and sharpened the incentives for banks to extend more business funding, particularly to small and medium size enterprises. To date, the mortgage market still appears to have been the biggest beneficiary from the scheme, with mortgage interest rates falling further to new lows. Together with the Government's Help to Buy scheme, which provides equity loans to credit-constrained borrowers, this is helping to boost demand in the housing market. Mortgage approvals by high street banks have risen as have house prices, although they are still well down from the boom years pre-2008.

Turning to the fiscal situation, the public borrowing figures continued to be distorted by a number of one-off factors. On an underlying basis, borrowing in Q2 started to come down, but only slowly, as Government expenditure cuts took effect and economic growth started to show through in a small increase in tax receipts. The 2013 Spending Review, covering only 2015/16, made no changes to the headline Government spending plan, and monetary policy was unchanged in advance of the new Bank of England Governor, Mark Carney, arriving. Bank Rate remained at 0.5% and quantitative easing (QE) also stayed at £375bn. In August, the Monetary Policy Committee (MPC) provided forward guidance that Bank Rate is unlikely to change until unemployment first falls to 7%, which was not expected until mid 2016. However, 7% is only a point at which the MPC will review Bank Rate, not necessarily take action to change it. The three month to July average rate was 7.7%.

Consumer Price Index (CPI) inflation (MPC target of 2.0%), fell marginally from a peak of 2.9% in June to 2.7% in August. The Bank of England expects inflation to fall back to 2.0% in 2015.

Financial markets sold off sharply following comments from Ben Bernanke (the United States Federal Reserve (Fed) chairman) in June that suggested the Fed may 'taper' its asset purchases earlier than anticipated. The resulting rise in United States (US) Treasury yields was replicated in the United Kingdom (UK). Equity prices fell initially too, as Fed purchasing of bonds has served to underpin investor moves into equities out of low yielding bonds. However, as the market moves to realign its expectations, bond yields and equities are likely to rise further in expectation of a continuing economic recovery. Increases in payroll figures have shown further improvement, helping to pull the unemployment rate down from a high of 8.1% to 7.3%, and continuing house price rises have helped more households to escape from negative equity. In September, the Fed surprised financial markets by not starting tapering as it felt the run of economic data in recent months had been

too weak to warrant taking early action. Bond yields fell sharply as a result, though it still only remains a matter of time until tapering does start.

Tensions in the Eurozone eased over the second quarter, but there remained a number of triggers for a renewed flare-up. Economic survey data improved consistently over the first half of the year, pointing to a return to growth in Q2, so ending six quarters of Eurozone recession.

### **3.2 Capita Asset Services' (Capita) view for the next six months of 2013/14**

Economic forecasting remains difficult with so many external influences weighing on the UK. Volatility in bond yields is likely during 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds. Downside risks to UK gilt yields and Public Works Loan Board (PWLB) rates include:

- A return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations.
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable: the coalition government fell on 29<sup>th</sup> September 2013.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Weak growth or recession in the UK's main trading partners - the European Union (EU) and US, depressing economic recovery in the UK.
- Geopolitical risks e.g. Syria, Iran, North Korea, that could trigger safe haven flows back into bonds.

Upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- Increased investor confidence that sustainable robust world economic growth is firmly expected, together with a reduction or end of QE operations in the US, causing a further flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- In the longer term - a reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

- Further downgrading by credit rating agencies of the creditworthiness and credit rating of UK Government debt, consequent upon repeated failure to achieve fiscal correction targets and sustained recovery of economic growth, causing the ratio of total Government debt to Gross Domestic Product (GDP) to rise to levels that provoke major concern.

The overall balance of risks to economic recovery in the UK is now weighted to the upside after five months of robust good news on the economy. However, only time will tell just how long this period of strong economic growth will last, and it remains exposed to vulnerabilities in a number of key areas. The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Near-term, there is some residual risk of further QE if there is a dip in strong growth or if the MPC were to decide to take action to combat the market's expectations of an early first increase in Bank Rate. If the MPC does takes action to do more QE in order to reverse the rapid increase in market rates, especially in gilt yields and interest rates up to 10 years, such action could cause gilt yields and PWLB rates over the next year or two to significantly undershoot the forecasts in the table below. The tension in the US over passing a Federal budget for the new financial year starting on 1 October and raising the debt ceiling in mid October could also see bond yields temporarily dip until agreement is reached between the opposing Republican and Democrat sides. Conversely, the eventual start of tapering by the Fed will cause bond yields to rise.

### 3.3 Capita's interest rate forecast

- 3.3.1 The Council's treasury advisor, Capita, provides the following forecast (the forecasts are for PWLB certainty rates; ie, 20 basis points below the standard PWLB rates):

|                | Sep-13 | Dec-13 | Mar-14 | Jun-14 | Sep-14 | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Bank rate      | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.50%  | 0.75%  | 1.00%  | 1.25%  |
| 5yr PWLB rate  | 2.50%  | 2.50%  | 2.50%  | 2.60%  | 2.70%  | 2.70%  | 2.80%  | 2.80%  | 2.90%  | 3.00%  | 3.20%  | 3.30%  | 3.50%  | 3.60%  | 3.70%  |
| 10yr PWLB rate | 3.70%  | 3.70%  | 3.70%  | 3.70%  | 3.80%  | 3.80%  | 3.90%  | 4.00%  | 4.10%  | 4.20%  | 4.30%  | 4.40%  | 4.50%  | 4.60%  | 4.60%  |
| 25yr PWLB rate | 4.40%  | 4.40%  | 4.40%  | 4.40%  | 4.50%  | 4.50%  | 4.60%  | 4.70%  | 4.80%  | 4.90%  | 5.00%  | 5.10%  | 5.10%  | 5.10%  | 5.20%  |
| 50yr PWLB rate | 4.50%  | 4.40%  | 4.40%  | 4.40%  | 4.50%  | 4.60%  | 4.70%  | 4.80%  | 4.90%  | 5.00%  | 5.10%  | 5.20%  | 5.20%  | 5.20%  | 5.30%  |

- 3.3.2 Expectations for the first change in Bank Rate in the UK are now dependent on how to forecast when unemployment is likely to fall to 7%. Financial markets have taken a very contrary view to the MPC and have aggressively raised short term interest rates and gilt yields due to their view that the

strength of economic recovery is now so rapid that unemployment will fall much faster than the Bank of England forecasts. They therefore expect the first increase in Bank Rate to be in quarter 4 of 2014. There is much latitude to disagree with this view as the economic downturn since 2008 was remarkable for the way in which unemployment did not rise to anywhere near the extent likely, unlike in previous recessions. This meant that labour was retained, productivity fell and now, as the MPC expects, there is major potential for unemployment to fall only slowly as existing labour levels are worked more intensively and productivity rises back up again. The size of the work force is also expected to increase relatively rapidly and there are many currently self employed or part time employed workers who are seeking full time employment. Capita take the view that the unemployment rate is not likely to come down as quickly as the financial markets are currently expecting and that the MPC view is more realistic. The prospects for any increase in Bank Rate before 2016 are therefore seen as being limited. However, some forecasters are predicting that even the Bank of England forecast is too optimistic as to when the 7% level will be reached and so do not expect the first increase in Bank Rate until spring 2017.

**3.4 Treasury Management Strategy Statement And Annual Investment Strategy Update**

3.4.1 The Treasury Management Strategy Statement (TMSS) for 2013/14 was approved by this Council on 27<sup>th</sup> February 2013.

3.4.2 There are no policy changes to the TMSS that require Council approval. The details in this report update the position in the light of the updated economic position and budgetary changes already approved.

3.4.3 The Council's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as follows:

- Security of Capital
- Liquidity

3.4.4 The Council will also aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term, and only invest with highly credit rated financial institutions, using Capita's suggested creditworthiness approach, including sovereign credit rating and credit default swap (CDS) overlay information provided by Capita. However, consideration is given to special tranche rates that are occasionally offered by those banks that are part-nationalised. The Council placed an investment on 25<sup>th</sup> July 2012 with Lloyds Bank plc for just under 12 months duration. That loan matured on 4<sup>th</sup> July 2013 and was in accordance with our risk appetite to improve yield and in line with the Council's treasury advisor's guidance and counterparty creditworthiness indicators at that time.

3.4.5 A breakdown of the Council's current investment portfolio as at 30<sup>th</sup> September 2013 is shown in Section 3.6 of this report.

3.4.6 Borrowing rates have increased slightly during the first six months of the 2013/14 financial year. The Council will be required to undertake further external borrowing during the next six months and will monitor the market to secure the most advantageous rates. Investments during the first six months of the year have been in line with the strategy, and there have been no deviations from the strategy.

3.4.7 As outlined in Section 3.1 above, there is still considerable uncertainty and volatility in the financial and banking market, both globally and in the UK.

### 3.5 The Council's Capital Position (Prudential Indicators)

3.5.1 This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

#### 3.5.2 Prudential Indicator for Capital Expenditure

This table below shows the revised estimates for capital expenditure and the changes since the capital programme was agreed for the Budget.

| <b>Capital Expenditure by Service/Major Schemes</b>                         | <b>2013/14 Original Estimate<br/>£'000</b> | <b>Mid Year Position<br/>£'000</b> | <b>2013/14 Revised Estimate<br/>£'000</b> |
|---|--|------------------------------------|---|
| New Headquarters - Accommodation  | 106  | 21                                 | 665                                       |
| Contribution towards replacement of Civic Facilities in Stourport-On-Severn | -  | -                                  | 450                                       |
| Chief Executive   | 610  | 43                                 | 1,070                                     |
| Community Well-being and Environment  | 2,019                                      | 632                                | 2,137                                     |
| Economic Prosperity and Place   | 2,794                                      | 235                                | 2,184                                     |
| Vehicle, Equipment and Systems Renewals                                     | 875  | 122                                | 426                                       |
| <b>Total</b>  | <b>6,404</b>                               | <b>1,053</b>                       | <b>6,932</b>                              |

#### 3.5.3 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by



revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

| <b>Capital Expenditure</b>                   | <b>2013/14<br/>Original<br/>Estimate<br/>£'000</b> | <b>Mid Year<br/>Position<br/>£'000</b> | <b>2013/14<br/>Revised<br/>Estimate<br/>£'000</b> |
|--|--|--|---|
| Supported (Revenue Support Grant Settlement) | -  | -                                      | -   |
| Unsupported                                  | 6,404  | 1,053                                  | 6,932   |
| <b>Total spend</b>                           | <b>6,404</b>                                       | <b>1,053</b>                           | <b>6,932</b>                                      |
| Financed by:                                 |  |  |   |
| Capital receipts                             | 1,244  | 64                                     | 1,495   |
| Capital grants                               | 1,393  | 642                                    | 1,588   |
| Revenue                                      | 263  | -                                      | 13  |
| <b>Total financing</b>                       | <b>2,900</b>                                       | <b>706</b>                             | <b>3,096</b>                                      |
| <b>Borrowing need</b>                        | <b>3,504</b>                                       | <b>347</b>                             | <b>3,836</b>                                      |

### 3.5.4 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

The table shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

The latest estimate of the Capital Financing Requirement is lower due to slippage in several capital schemes.

Prudential Indicator – External Debt / the Operational Boundary

|   | <b>2013/14<br/>Original<br/>Estimate<br/>£'000</b> | <b>2013/14<br/>Revised<br/>Estimate<br/>£'000</b> |
|---|--|---|
| <b>CFR</b>                                | 9,683  | 9,040   |
| <b>External Debt/Operational Boundary</b> | 15,000   | 15,000  |

### 3.5.5 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, debt will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and next two financial years. This allows some flexibility for

borrowing for the current and future years. The Council has approved a policy setting out the parameters for borrowing in advance of need which will be adhered to if this proves prudent (TMSS Section 8.5).

| <b>Limits to Borrowing Activity</b>              | <b>2013/14<br/>Original<br/>Estimate<br/>£'000</b> | <b>2013/14<br/>Revised<br/>Estimate<br/>£'000</b> |
|--|--|---|
| Gross Borrowing                                  | 9,027  | 7,856   |
| Less Investments                                 | (4,281)  | (5,000)   |
| Less Icelandic Investments<br>(currently frozen) | (1,414)  | (1,441)   |
| Net Borrowing                                    | 3,332  | 1,415   |
| CFR (year end position)                          | 9,683  | 9,040   |

The Chief Financial Officer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

- 3.5.6 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

| <b>Authorised Limit for External Debt</b> | <b>2013/14<br/>Original<br/>Indicator<br/>£'000</b> | <b>2013/14<br/>Revised<br/>Indicator<br/>£'000</b> |
|---|---|--|
| Borrowing                                 | 20,000  | 20,000   |

### 3.6 Investment Portfolio 2013/14

- 3.6.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3.1, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. Indeed, the introduction of the Funding for Lending scheme has reduced market investment rates even further. The potential for a prolonging of the Euro zone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment, investment returns are likely to remain low.
- 3.6.2 The investment portfolio yield for the first six months of the year against the benchmark (7 Day LIBID) is shown below:

| <b>Benchmark</b> | <b>Benchmark Return</b> | <b>Council Performance to 30/09/2013</b> | <b>Investment Interest Earned to 30/09/2013</b> |
|------------------|-------------------------|--|---|
| 7 day LIBID      | 0.36%                   | 0.31%                                    | £44,540   |

As illustrated, the authority slightly underperformed the benchmark by 5 bank basis points (bps). This was mainly due to the constraints of the Counterparty List that has necessitated the frequent use of the Debt Management Office (DMO) at 0.25%. The Ignis Money Market Fund interest has also reduced to 0.38%. The Council's original budgeted investment return for 2013/14 is £25,000, and performance for the year to date is £44,540. The main reason for this increase is that the Council currently has more funds to invest due to Capital Programme slippage. The Council is also a member of the Capita Benchmarking Club, the results of which are reported separately to the Treasury Management Review Panel.

3.6.3 The tables below show investments held at 1<sup>st</sup> April 2013 compared to investments held at 30<sup>th</sup> September 2013, excluding Icelandic investments.

| <b>Investments Held With</b> | <b>1<sup>st</sup> April 2013<br/>£</b> | <b>Average Rate of Return</b> | <b>Duration</b>   |
|------------------------------|--|-------------------------------|-------------------|
| Royal Bank of Scotland       | 680,000                                | 0.85%                         | Instant Access    |
| NatWest Bank                 | 1,020,000                              | 0.60%                         | Instant Access    |
| Lloyds TSB Bank              | 700,000                                | 0.50%                         | Instant Access    |
| Lloyds TSB Bank              | 1,000,000                              | 3.00%                         | Fixed to 04/07/13 |
| Ignis Money Market Fund      | 1,700,000                              | 0.3924%                       | Instant Access    |
| Bank of England              | 1,795,000                              | 0.25%                         | Overnight         |
| <b>Total</b>                 | <b>6,895,000</b>                       |                               |                   |

| <b>Investments Held With</b> | <b>30<sup>th</sup> September 2013<br/>£</b> | <b>Average Rate of Return</b> | <b>Duration</b>       |
|------------------------------|---|-------------------------------|-----------------------|
| Royal Bank of Scotland       | 1,785,000                                   | 0.60%                         | Instant Access        |
| NatWest Bank                 | 415,000                                     | 0.40%                         | Instant Access        |
| Lloyds TSB Bank              | 200,000                                     | 0.40%                         | Instant Access        |
| NatWest Bank                 | 1,000,000                                   | 0.80%                         | 95 Day Notice Account |

|                             |                   |         |                   |
|-----------------------------|-------------------|---------|-------------------|
| Lloyds TSB Bank             | 1,000,000         | 1.05%   | Fixed to 07/01/14 |
| Lloyds TSB Bank             | 1,000,000         | 0.85%   | Fixed to 04/10/13 |
| Barclays Bank               | 2,000,000         | 0.40%   | Fixed to 17/10/13 |
| Lloyds TSB Bank             | 1,000,000         | 0.70%   | Fixed to 06/12/13 |
| Nationwide Building Society | 1,000,000         | 0.38%   | Fixed to 25/10/13 |
| Ignis Money Market Fund     | 2,840,000         | 0.3847% | Instant Access    |
| <b>Total</b>                | <b>12,240,000</b> |         |                   |

3.6.4 As illustrated in the economic background section above, investment rates available in the market are at a historical low point. The average level of funds available for investment purposes in the first six months of 2013/14 was £14,561,374. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

#### 3.6.5 Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function. However, yields continue to be low whilst the Council adheres to the low risk strategy due to the current economic climate.

### 3.7 External Borrowing

3.7.1 The Council's capital financing requirement (CFR) – as at 1<sup>st</sup> April 2013 was £5.505m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council's external borrowing totalled £3m at 1<sup>st</sup> April 2013. Due to the overall financial position and the underlying need to borrow for capital purposes (the CFR) new external borrowing of £1m was undertaken from the PWLB on 2<sup>nd</sup> April 2013. The loan was for 5 years at a rate of 1.52%.

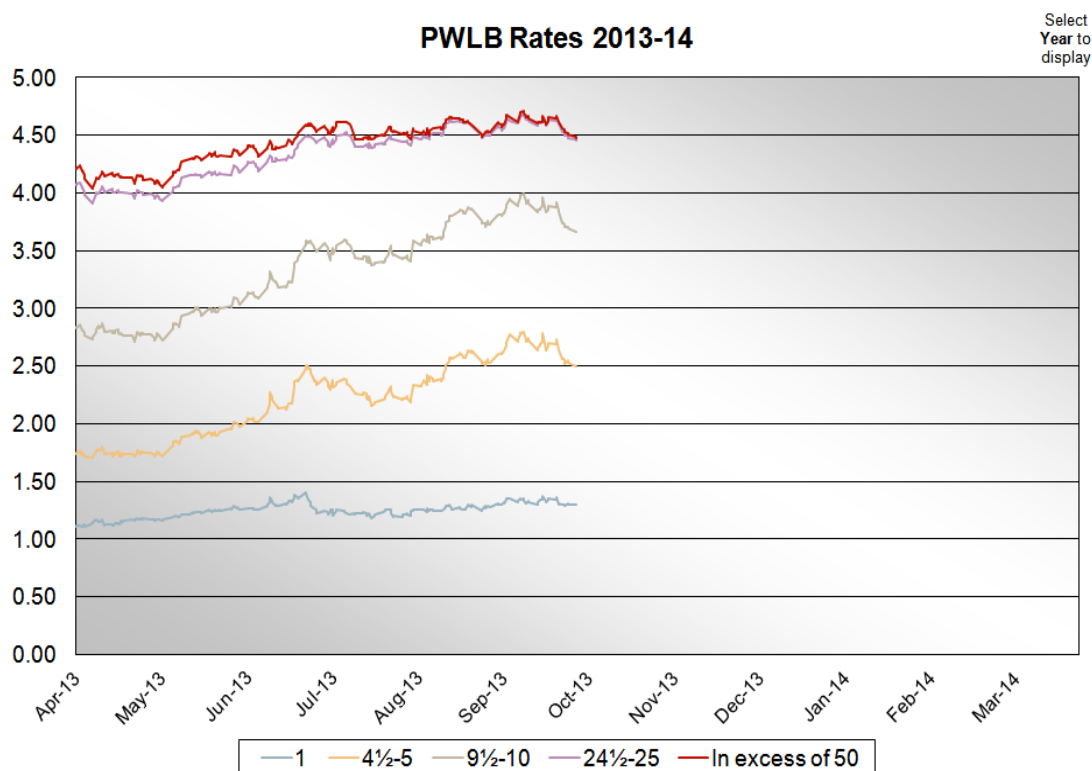
3.7.2 The table below shows the Council's external borrowing as at 30<sup>th</sup> September 2013.

| Lender  | Date     | Principal | Type                | Interest Rate | Maturity                |
|---|----------|-----------|---------------------|---------------|-------------------------|
| Market - Borough of Kings Lynn & West Norfolk | 14/01/13 | £2m       | Fixed interest rate | 0.75%         | 14/07/14<br>(1.5 years) |
| PWLB  | 15/03/13 | £1m       | Fixed interest rate | 2.62%         | 15/03/22<br>(9 years)   |
| PWLB  | 02/04/13 | £1m       | Fixed interest rate | 1.52%         | 02/04/18<br>(5 years)   |

3.7.3 It is anticipated that further borrowing will be undertaken during this financial year.

3.7.4 As outlined below, the general trend has been an increase in interest rates during the six months, across all maturity bands.

3.7.5 The graph below shows the movement in PWLB rates for the first six months of the year.



### 3.8 Debt Rescheduling

3.8.1 There has been no requirement for debt rescheduling during the first six months of 2013/14.

**3.9 Compliance With Treasury And Prudential Limits**

- 3.9.1 It is a statutory duty for the Council to determine and keep under review the “Affordable Borrowing Limits”. Council’s approved Treasury and Prudential Indicators (affordability limits) are outlined in the approved Treasury Management Policy and Strategy Report.
- 3.9.2 During the financial year to date the Chief Financial Officer confirms that the Council has operated within the treasury limits and Prudential Indicators set out in the Council’s Treasury Management Strategy Statement and in compliance with the Council’s Treasury Management Practices.
- 3.9.3 The Prudential and Treasury Indicators are shown in Appendix 1. These have been updated for the slippage in the Capital Programme and the associated requirements to undertake external borrowing.

**3.10 Local Issues**

- 3.10.1 The most significant issue to affect the Council relates to the exposure of investments with links to Icelandic Banks. The Council established the Treasury Management Review Panel which examined the circumstances leading up to the placing of the particular investments and continues to consider recommendations in relation to the Council’s lending lists and other relevant Treasury Management matters.
- 3.10.2 The Council had £9m invested in Icelandic Banks at the time of collapse. Ten dividends have been received up to 30<sup>th</sup> September 2013 from Kaupthing Singer & Friedlander (KSF). Fourteen dividends have been received up to 30<sup>th</sup> September 2013 from Heritable Bank. Four dividends have been received up to 30<sup>th</sup> September 2013 from Landsbanki. The Council expects to receive further dividends in future years.
- 3.10.3 The table below details the Councils Icelandic investments as at 30<sup>th</sup> September 2013.

| <b>Bank</b>                    | <b>Original Investment<br/>£</b> | <b>Interest Claimed<br/>£</b> | <b>Total Claim<br/>£</b> | <b>Dividends Received<br/>£</b> | <b>Balance Outstanding including Interest Due<br/>£</b> | <b>Balance Outstanding Principal Only<br/>£</b> |
|--------------------------------|----------------------------------|-------------------------------|--------------------------|---------------------------------|---|---|
| Landsbanki                     | 3,000,000                        | 183,097                       | 3,183,097                | 1,665,170                       | 1,517,927   | 1,430,611                                       |
| Kaupthing Singer & Friedlander | 5,000,000                        | 156,378                       | 5,156,378                | 4,073,539                       | 1,082,839   | 1,050,000                                       |
| Heritable Bank                 | 1,000,000                        | 31,110                        | 1,031,110                | 969,422                         | 61,688  | 60,157  |
| <b>Total</b>                   | <b>9,000,000</b>                 | <b>370,585</b>                | <b>9,370,585</b>         | <b>6,708,131</b>                | <b>2,662,454</b>  | <b>2,540,768</b>                                |

- 3.10.4 Over this, and the ensuing years, the funds available for investment will reduce as the Council progresses its Transformation Agenda in areas such as the finalisation of the New Headquarters account, the completion of the ICT Strategy, the Carbon Management Plan and the Future Leisure Provision. Each of these schemes are being pursued to ensure that the Council can reduce the on-going cost of delivering services.
- 3.10.5 Over the coming years the Council is also scheduled to make disposals of assets. Careful consideration will be made on each opportunity to ensure that the Council sells at a time that maximises the return to the authority.
- 3.10.6 The Council's current banking contract with the Co-operative Bank expires on the 31<sup>st</sup> March 2014 and is currently out to tender with the return date for submissions being November 4<sup>th</sup> 2013. The Council anticipates appointing the successful tenderer before Christmas to allow sufficient time for any changes that may be required to systems. Members will be aware of the briefings issued as a result of the result credit rating downgrades and other associated media reports concerning the Co-operative Bank. Appropriate consideration of credit ratings has been included as part of the tender process to ensure the Council is protected as far as possible, going forward, and the position continues to be carefully monitored in close liaison with Capita.
- 3.10.7 As the capital programme expenditure progresses and balances of reserves that contribute to the make-up of the cash reserves available for investment reduce, external rather internal, borrowing will be used as an affordable means of funding for approved projects. The timing of this borrowing is crucial, particularly given the forecast albeit gradual increase in borrowing interest rates. Advice will be sought, as usual from Capita and appropriate market information referenced. The Chief Financial Officer currently considers that cash balances should be held at no less than £5m for a Council of our size. This forecast reduction in daily cash balances, together with the current limitations on the counterparty list, that are highly likely to continue, will make longer term investments unviable and it is therefore highly likely investments yields will decrease as projected in the new revenue base budget.
- 3.10.8 The financial situation facing this Council is extremely challenging. The further significant cuts in local government funding announced in the Spending Round on 26<sup>th</sup> June and proposals to top-slice the New Homes Bonus mean we face an even greater challenge producing a balance budget. In broad terms the Council should expect its net revenue budget to fall by about 20% to under £11m compared to the present figure of £12.8m. These austere times will have an impact on the Treasury Management activity both in terms of sums available to invest and the type of activities the Council may engage in. For example a Major Investment Fund is being considered and this could involve significant borrowing if proven to be affordable. This is will closely monitored and included within the Treasury Reports as appropriate.

**4. Options**

**Overview and Scrutiny Committee to propose to Cabinet that it recommends to Council to:**

**4.1 Note this Treasury Management Review.**

**4.2 Recommend this Mid-year Review and updated Prudential Indicators to Cabinet on 19<sup>th</sup> November 2013 for final approval by Council on 27<sup>th</sup> November 2013.**

**5. Consultation**

5.1 Capita Asset Services – Treasury Solutions, Treasury Advisors

5.2 Cabinet

5.3 CMT

5.4 Treasury Management Review Panel

**6. Related Decisions**

6.1 Recommendation from Treasury Management Review Panel 6<sup>th</sup> November 2013.

**7. Relevant Council Policies/Strategies**

7.1 Council 27/02/13 – The Treasury Management Strategy 2013/14

[http://www.wyreforest.gov.uk/council/docs/doc47705\\_20130227\\_council\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc47705_20130227_council_agenda.pdf)

7.2 Council 25/09/13 – Annual Report on Treasury Management Service and Actual Prudential Indicators 2012/2013

[http://www.wyreforest.gov.uk/council/docs/doc48376\\_20130925\\_council\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc48376_20130925_council_agenda.pdf)

**8. Implications**

8.1 **Resources:** The Financial Implications of the treasury management function will be included in the Council's Medium Term Financial Strategy and Budget and Policy Framework, currently being prepared.

8.2 **Legal & Policy:** The Local Government Act 2003 supplemented by Regulations set out a new framework for a prudential system for local authority capital finance. This Act, together with CIPFA's Prudential Code for Capital Finance in Local Authorities, came into effect on 1<sup>st</sup> April 2004. This code together with recent revised editions, guides decisions on what Local



Authorities can afford to borrow and has statutory backing under Regulations issued in accordance with the Local Government Act 2003.

Adoption of the CIPFA Code of Practice on Treasury Management in the Public Services as part of the Authority's Standing Orders and Financial Regulations, gives it the status of a "code of practice made or approved by or under any enactment", and hence proper practice under the provisions of the Local Government and Housing Act 1989.

- 8.3 **Risk Management:** The Council is aware of the risks of passive management of the treasury portfolio. With the support of its external consultants we continue to proactively manage our investments. Capita Asset Services – Treasury Solutions (formerly Sector Treasury Services) are the Council's advisors, appointed from 1<sup>st</sup> September 2010. The contract for Treasury Services was recently extended by a further 2 years on favourable terms.

Shorter-term variable rates and likely future movement in these rates predominantly determine the Council's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the lending list, accurately forecasting returns can be difficult.

## **9. Equality Impact Needs Assessment**

- 9.1 This is a financial report and there is no requirement to consider an Equality Impact Assessment.

## **10. Wards affected**

- 10.1 All

## **11. Appendices**

- 11.1 Appendix 1 – Prudential and Treasury Indicators

## **12. Background Papers**

- 12.1 Local Government Act 2003
- 12.2 CIPFA's Revised Prudential Code for Capital Finance in Local Authorities, 2011
- 12.3 CIPFA's Revised Code of Practice on Treasury Management in the Public Services, 2011
- 12.4 Local Government and Housing Act 1989
- 12.5 27/02/13 Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and updated Prudential Indicators 2013/14.
- 12.6 25/09/13 - Annual Report on Treasury Management Service and Actual Prudential Indicators 2012/13.

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APPENDIX 1 Prudential and Treasury Indicators

| PRUDENTIAL INDICATORS                                     | 2012/13 | 2013/14  | 2014/15  | 2015/16  | 2016/17  |
|---|---------|----------|----------|----------|----------|
|   | actual  | estimate | estimate | estimate | estimate |
|   | £'000   | £'000    | £'000    | £'000    | £'000    |
|   |         |          |          |          |          |
| <b>Capital Expenditure</b>                                | 5,546   | 6,932    | 13,996   | 887      | 794      |
| <b>TOTAL</b>  | 5,546   | 6,932    | 13,996   | 887      | 794      |
|   |         |          |          |          |          |
| <b>Ratio of financing costs to net revenue stream</b>     | 0.88%   | 2.92%    | 6.45%    | 12.56%   | 13.07%   |
|   |         |          |          |          |          |
| <b>Gross Borrowing</b>                                    |         |          |          |          |          |
| brought forward 1 April                                   | 3,023   | 7,856    | 18,213   | 18,581   | 16,928   |
| carried forward 31 March                                  | 7,856   | 18,213   | 18,581   | 16,928   | 17,533   |
|   |         |          |          |          |          |
| <b>Capital Financing Requirement as at 31 March</b>       | 5,505   | 9,040    | 19,070   | 18,761   | 18,413   |
|   |         |          |          |          |          |
| <b>Annual change in Capital Financing Requirement</b>     | 935     | 3,535    | 10,030   | (309)    | (348)    |
|   |         |          |          |          |          |
| <b>Incremental impact of capital investment decisions</b> |         | £ p      | £ p      | £ p      | £ p      |
| Increase in council tax (band D) per annum                |         | 12.33    | 19.57    | 28.80    | 31.29    |
|   |         |          |          |          |          |

## Agenda Item No. 5

| TREASURY MANAGEMENT INDICATORS   | 2012/13       | 2013/14       | 2014/15       | 2015/16       | 2016/17       |
|--|---------------|---------------|---------------|---------------|---------------|
|  | actual        | estimate      | estimate      | estimate      | estimate      |
|  | £'000         | £'000         | £'000         | £'000         | £'000         |
| <b>Authorised Limit for external debt -</b>                            |               |               |               |               |               |
| borrowing  | 20,000        | 20,000        | 30,000        | 33,000        | 33,000        |
| other long term liabilities  | 0             | 0             | 0             | 0             | 0             |
| <b>TOTAL</b>   | <b>20,000</b> | <b>20,000</b> | <b>30,000</b> | <b>33,000</b> | <b>33,000</b> |
|  |               |               |               |               |               |
| <b>Operational Boundary for external debt -</b>                        |               |               |               |               |               |
| borrowing  | 15,000        | 15,000        | 25,000        | 27,000        | 27,000        |
| other long term liabilities  | 0             | 0             | 0             | 0             | 0             |
| <b>TOTAL</b>   | <b>15,000</b> | <b>15,000</b> | <b>25,000</b> | <b>27,000</b> | <b>27,000</b> |
|  |               |               |               |               |               |
| <b>Actual external debt</b>  | <b>3,023</b>  | <b>7,856</b>  | <b>18,213</b> | <b>18,581</b> | <b>16,928</b> |
|  |               |               |               |               |               |
| <b>Upper limit for fixed interest rate exposure</b>                    |               |               |               |               |               |
| Net principal re fixed rate investments                                | 100%          | 100%          | 100%          | 100%          | 100%          |
|  |               |               |               |               |               |
| <b>Upper limit for variable rate exposure</b>                          |               |               |               |               |               |
| Net principal re variable rate borrowing / investments                 | 100%          | 100%          | 100%          | 100%          | 100%          |
|  |               |               |               |               |               |
| <b>Upper limit for total principal sums invested for over 364 days</b> | <b>£</b>      | <b>£</b>      | <b>£</b>      | <b>£</b>      | <b>£</b>      |
| (per maturity date)  | 2m            | 2m            | 2m            | 2m            | 2m            |
|  |               |               |               |               |               |

| Maturity structure of fixed rate borrowing during 2013/14 | upper limit | lower limit |
|---|-------------|-------------|
| under 12 months   | 100%        | 0%          |
| 12 months and within 24 months                            | 100%        | 0%          |
| 24 months and within 5 years                              | 100%        | 0%          |
| 5 years and within 10 years                               | 100%        | 0%          |
| 10 years and above  | 100%        | 0%          |



## Overview & Scrutiny Committee

### Briefing Paper

Report of: Ian Miller  
Chief Executive  
Date: Thursday 7<sup>th</sup> November 2013  
Open

### Hereford & Worcester Fire and Rescue Authority – Draft Community Risk Management Plan 2014-2020

#### 1. Summary

- 1.1 To consider the draft community risk management plan and whether to make any recommendation to Council.

#### 2. Background

- 2.1 On 3 October, Hereford & Worcester Fire and Rescue Authority agreed to consult on its community risk management plan until 10 January 2014. Following the end of the consultation period, the results will be brought back to the Fire Authority for a decision on 19 February 2014.
- 2.2 The plan includes proposals to reduce the level of fire and emergency cover, and options for how this could be achieved. The plan examines ways in which the Fire Service could make significant financial savings in order to meet its budget gap of £4.7 million by 2016/17.
- 2.3 Since 2010/11, £2.5m of savings have been identified and made without affecting the service that communities receive from their local fire stations, but the £4.7m is an additional saving requirement. It is anticipated that approximately half of the savings can be found from further changes to back office and support functions. However, the scale of the savings required will inevitably mean that some changes to fire cover provision will have to be made.
- 2.4 Therefore the draft CRMP sets out proposals for removing fire engines and/or fire stations, aiming to minimise the impact on the Service and local communities. The plan adopts a risk-based approach, using evidence of where incidents occur, socio-economic factors etc to develop proposals. The proposals affect many areas across Herefordshire and Worcestershire. In Wyre Forest, there is a proposal either to close the fire station at Bewdley or to remove the second engine from Kidderminster.

- 2.5 Kidderminster has a whole-time engine, which means that a crew is permanently on duty, and a second engine which is staffed with on-call (retained or part-time) fire-fighters. The whole-time engine at Kidderminster will usually be on the road far more quickly than an engine based at a station which is staffed by on-call fire fighters, such as the stations at Bewdley and Stourport-on-Severn. When there is an emergency call, on-call fire-fighters receive an alert message and then make their way to the station before an engine can be deployed. The average time between a call being received and an engine deploying at Kidderminster station, which still retains a whole-time engine in either option, is 2:03 minutes. This compares to an average of 4:49 minutes at Bewdley.
- 2.6 The importance of this is drawn out in the maps in Appendix B showing relative travel times within 10 minutes of the whole-time engine at Kidderminster compared to the on-call engine at Bewdley (and, for that matter, Stourport). It is a fact that the whole-time engine in Kidderminster can reach all the areas (and more) that the on-call engines at Bewdley and Stourport would reach within 10 minutes. Obviously it cannot be guaranteed that the whole-time engine will be available at all times as it may be responding to other incidents.
- 2.7 The Fire and Rescue Service's own analysis states that "there would be little impact on how quickly we turn up to incidents if we choose either of the options in North Worcestershire, though of the two choices closing the fire station would have less impact. In North Worcestershire, choosing either option would mean that we would arrive later at no more than 5 fires in buildings and 4 RTCs [Road Traffic Collisions] per year in the station area than at present. The main impact is on back-up support in the Kidderminster area; if the on-call fire engine at Kidderminster fire station was removed, back-up support would arrive later to 48 of 66 fires in buildings and to 24 of 36 RTCs each year than at present, while removing the fire engine at Bewdley would mean a support fire engine would arrive later at 1 fire in buildings and 1 RTC each year in the Bewdley area."
- 2.8 Fire cover is an emotive issue. There is naturally concern that changes or reductions may lead to avoidable loss of life. However, the latest DCLG Fire Statistics report for Great Britain 2011-12, published in December 2012, records that "the most common identified cause of death from a fire incident is being overcome by gas or smoke or toxic fumes. In the 21<sup>st</sup> century, the location of fire stations does not necessarily affect in a significant way the risk of dying in a fire, as death often occurs because of smoke inhalation before a fire engine has arrived or even before the fire and rescue service has been alerted.

### **3. Key Issues**

- 3.1 Like all public services, the Fire and Rescue Service has to continue reductions in its expenditure as a result of the Government's austerity programme. As essentially a single service organisation with very limited

means of raising income, the point has now been reached where options to change and reduce fire cover are being considered.

- 3.2 Your officers' advice is that any response from Wyre Forest District Council should be realistic. Rejecting any change is not a realistic stance to adopt: as in other parts of the public sector, including Wyre Forest District Council itself, expenditure reductions are unavoidable as a result of Government funding reductions as part of the austerity programme. This will lead to service reconfiguration and some service reductions.
- 3.3 Of the options presented for Wyre Forest, there is little to choose between them in financial terms: they would both save about £111k a year. Thus it is suggested that the principal focus should be consideration of the differential impact of the options in terms of speed of arrival. This would be felt mainly in back-up support, namely arrival of second engine at an incident. On this measure, it is clear that – if there has to be change - the preferable option is to close Bewdley fire station rather than remove the second fire engine from Kidderminster. Indeed reducing the Fire and Rescue Service's presence in a town of well over 50,000 people to a single engine would be out of kilter with the retention of a second engine in Droitwich, Malvern and Bromsgrove (albeit that there are different crewing arrangements in those towns, not a 24-hour whole-time shift).

#### **4. Options**

- 4.1 It is an option to call for the reduction in fire cover to be minimised by radical changes that would cut senior management and back office costs. In the context of the Fire and Rescue Authority, the only realistic way of making further inroads would be to call for the merger of Hereford & Worcester Fire and Rescue Service with Warwickshire. The Fire and Rescue Authority has deferred consideration of this matter to its meeting in December. However a merger would be unlikely to provide savings of a level that would avoid the need to make changes to fire cover. Nor would it be achievable within the timescale required for the budget reductions.
- 4.2 There are several options for responding to the specific proposals that affect Wyre Forest. They include recommending to Council that it should:
- a) Make no response to the consultation. This would mean neither endorsing nor objecting to the proposals;
  - b) Support the option to close Bewdley Fire Station in preference to losing the second engine based at Kidderminster, as this would have the least impact on arrival of back-up support;
  - c) Support the option to lose the second engine at Kidderminster in preference to closing Bewdley Fire Station. This is not recommended for the reasons set out in paragraph 2.7;
  - d) Make no comment about Bewdley but object to any proposal to reduce Kidderminster to a single engine when much smaller towns (such as Bromsgrove, Malvern and Droitwich) are proposed to retain two engines.

The other towns have their first engine crewed on a different basis, which is not whole-time shift;

- e) Oppose any change to the level of resources deployed in Wyre Forest. This is not considered to be realistic because of the need for the Fire and Rescue Authority to make significant savings.

- 4.3 If the Committee does not wish to endorse any particular reduction in the level of resources deployed in Wyre Forest, the appropriate option would be to make no response and to leave the Fire and Rescue Authority to reach its own conclusions.

## **5. Consultation**

- 5.1 None on this report.
- 5.2 On 24 October, members received a briefing on the proposals from the Assistant Chief Fire Officer and had the opportunity to ask.

## **6. Related Decisions**

- 6.1 The Council is involved in promoting the provision of a new doctors' surgery for Bewdley on the Dog Lane car park. Overall, this may result in loss of some car parking spaces in the town. Closure of the Bewdley Fire Station would allow consideration of redevelopment of the site as part of the Load Street car park.

## **7. Relevant Council Policies/Strategies**

- 7.1 None directly relevant.

## **8. Implications**

- 8.1 There are no financial or policy implications arising directly from this report.

## **9. Equality Impact Needs Assessment**

- 9.1 The decision will be taken by the Fire and Rescue Authority, and therefore screening is not required on the Council's response to the consultation.

## **10. Wards affected**

- 10.1 All wards.

## **11. Appendices**

- 11.1 Appendix A: pages 43 to 52 of the draft community risk management plan.
- 11.2 Appendix B: detailed analysis of the impact of the proposals on Wyre Forest, pages 62 to 66 and 87 to 90 of the CRMP. These include maps of distance covered within 10 minutes of being alerted
- 11.3 Appendix C: profile of Stourport-on-Severn fire station.



**12. Background Papers**

The full community risk management plan runs to 141 pages and may be seen at this link:

[http://www.hwfire.org.uk/PDF/fire\\_authority/fra\\_agenda/fra\\_agenda13/CRMP2020Draft-1-10-13.pdf](http://www.hwfire.org.uk/PDF/fire_authority/fra_agenda/fra_agenda13/CRMP2020Draft-1-10-13.pdf)

Detailed profiles for each fire station in the two counties are available at this link:

<http://www.hwfire.org.uk/consultation/>

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## DELIVERING OUR SERVICES

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- 5.1 The previous sections have shown how we expect risk to change over the next few years and how we are organising our services to tackle this. We have also shown that, over time, the number of incidents we attend has come down and that we know far more about where and who is more likely to have an incident, especially a life risk incident, than we did ten years ago.
- 5.2 The challenge for how we deliver our services into the future is to find the most appropriate balance between what we know about risk and the needs of communities across both counties against our available resources.
- 5.3 Over the years, through our previous Integrated Risk Management Plans, we have met this challenge by reorganising and rebalancing our prevention, protection and response services against risks and resources. We have put greater emphasis on targeting our prevention and protection work in areas at greatest risk, we have increased our joint work with other services and we have managed to reduce what we spend and make our resources go further.
- 5.4 We know that our available resources will be substantially lower in the coming years. We need to determine how to address this, while at the same time ensuring that we continue to meet the aims of Our Strategy: firefighter safety, community safety and quality services.
- 5.5 To find ways of meeting this challenge, we have carried out a thorough review of risk across the two counties and we have made significant changes to the ways in which we deliver our protection and prevention services. In future years, these services will need to adapt further to ensure that they continue to provide an important prevention focus, while becoming more efficient and innovative in how initiatives are delivered.
- 5.6 A full review of our response (fire and emergency cover)<sup>32</sup> arrangements has now also been completed. The findings of the review are presented below.

### *FIRE AND EMERGENCY COVER REVIEW*

- 5.7 Our IRMP Action Plan for 2012-13 set out a broad set of strategic objectives to ensure that we realign our resources to the areas of greatest risk within our community. Within the objectives was a recommendation to review fire cover across the whole Service and ensure that:

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<sup>32</sup> fire and emergency cover refers to the provision of resources (fire engines and specialist vehicles - see also next footnote) to attend incidents that involve fire and/or emergency situations. It includes the speed of response, how many resources we send and how we crew the fire engines and specialist vehicles.

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- the deployment of available resources best reflects the risk profiles and needs of the communities across both counties
- the community is provided with a response that is flexible, resilient and appropriate across the entire Service area.

5.8 The Service periodically reviews all of its activities to ensure that they remain appropriate to the needs of communities and that they are clearly focused on reducing risk. Our reviews include determining where specialist vehicles<sup>33</sup> should be located for best effect, examining our arrangements for tackling incidents on or over our border with neighbouring fire and rescue services, assessing how we make provision for managing resources in times of high demand, such as widespread flooding incidents and evaluating the impact of our prevention and protection work.

5.9 Reviewing fire and emergency cover is an important part of this on-going process. The focus of this review has been on activity and risk: where we place and how we crew our fire engines in order to maximise the effectiveness and efficiency of our response services within the funds and resources available to us.

5.10 We have assessed potential changes to how we arrange our resources against the risks in their local area and the wider risks across the whole Service area and, where appropriate, in areas outside the Service area. The outcome is a number of proposals designed to make the most efficient use of operational resources within the financial constraints that now prevail.

5.11 It has to be appreciated that this review has been carried out against a backdrop of financial pressures and funding uncertainties. Using the best available information, the Authority anticipates the need to save an additional £4.7 million by 2016-17 and in each subsequent year, over and above the £2.5 million savings identified since 2011-12. Up to £2.7 million of these savings may need to be found through the fire and emergency cover review.

### *Undertaking the review*

5.12 The question posed in the fire and emergency cover review is ‘**how can we reduce our operational resources to assist in balancing the budget with the least impact on Our Strategy?**’

5.13 To address this, the review has looked at what we have and what we need. In terms of the 43 front-line fire engines that we currently have, we have never needed to call upon all of them at the same time. The most we’ve ever had to call upon at one time was 35 during the exceptional flooding

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<sup>33</sup> also known as ‘special appliances’ or ‘specials’ - these are vehicles and equipment that attend incidents but are not fire engines - for example, it could be a vehicle with an aerial ladder platform or a high volume pump unit.

event in summer 2007. It is important to realise, however, that the moment our fire engines are committed to an incident, we do need to maintain cover elsewhere in case other incidents happen at the same time. It is also important to remember that fire engines from other fire and rescue services can be brought into our counties to support us.

- 5.14 Taking this as a starting point, **the review has considered which fire engines can be removed with the least impact on our ability to reach incidents quickly and safely, and which also ensures that we can provide back-up support in good time if needed.**
- 5.15 It is important to appreciate that removing a fire engine will also remove a firefighting crew and, where there is only one fire engine at the fire station, it will mean closing that fire station.

**Couldn't we just remove the least busy fire engines?**

The easiest solution might seem to be to remove the least busy fire engines, as they don't attend as many incidents as others. However, that might not be the best way of addressing the issue.

For instance, if we look at how busy each fire engine is and where it is located, our figures tell us what you might expect: Worcester fire station, in the most densely populated area, is busiest, while Leintwardine fire station, in one of the least populated areas, is least busy.

At present Worcester fire station has three fire engines, while Leintwardine fire station has one. If we take one fire engine from Worcester fire station, there would still be two available at the fire station to provide an immediate response and, if needed, back-up support from a neighbouring fire station (for example Malvern or Droitwich) would be able to reach the city centre in under 15 minutes during the day. However, if the single fire engine at Leintwardine fire station is removed, the next nearest fire station would be at Kingsland, which would take over 20 minutes to arrive as the first fire engine on scene at an incident in the centre of Leintwardine.

This example shows that there is no simple way to determine which fire engines to remove.

- 5.16 To help to assess the overall impact on the Service's ability to reach incidents in good time and provide timely back-up support when needed, we have used a sophisticated simulation model called Phoenix,<sup>34</sup> which is able to create

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<sup>34</sup> [Phoenix™](#) is a software program used to simulate changes to fire and emergency cover in order to evaluate the impact of such changes on fire engines and crews, community safety and attendance standards. © Active Informatics Ltd.

different scenarios or combinations of fire engines removed from different locations and can calculate the impact it will have on our ability to reach incidents. The model has used incident data from 2008 to 2011 and was able to identify what impact the removal of a fire engine has. Taking current attendance by the first and second fire engines at fires in buildings and road traffic collisions as a benchmark, the model was able to show how the removal of a fire engine compares against this.

- 5.17 Using fires in buildings and road traffic collisions as benchmarks is important as these are the two main types of life risk incidents that we attend. It is also important to note that, while it is no surprise that most house fires happen where people live, there are some areas and some people that tend to have a greater risk of having a house fire than others. Likewise in terms of road traffic collisions which can happen on any road, the ones that we need to attend tend to happen on the faster A roads throughout the two counties. Knowing this, we can also assess what impact the removal of a fire engine could have on our ability to attend such incidents, particularly in the more at risk areas.
- 5.18 Another factor to consider when removing a fire engine is the ‘knock-on’ effect it may have on surrounding fire stations; that is, if incidents happen in an area where a fire engine has been removed, which other fire engines will need to attend and what is the knock-on effect of that and so on. The simulation model was able to take this into account.
- 5.19 We have also taken into account the fact that fire engines are not always available. One of the reasons for this is that crew for on-call fire engines are made up of members of the local community who have other jobs and commitments. This means that for some fire engines, the changes proposed are already effectively in place for certain periods of the day and night.
- 5.20 While balancing overall resources against risks is central to this review, the review must also consider the local implications of any changes to fire and emergency cover. The removal of a fire engine from a particular fire station or the change of crewing on a fire engine may have little impact on the Service’s overall ability to maintain an appropriate level of cover but we recognise that there will be impacts on the local areas and those directly affected.
- 5.21 With the help of the simulation model, a number of proposals have been put together with different combinations of fire engine removals. To capture the potential implications of each proposal, a number of key principles were incorporated into the analysis. These are set out in the following table:

❖ we should minimise the overall impact by removing only the most appropriate fire engines based on a consideration of:

- the demand placed on each fire engine in terms of the number of incidents that occur within a fire station area, including the types of incident and the times of day when they occur
- the availability of each fire engine
- the overall impact on the Service's ability to attend life risk incidents
- the potential impact on the level of life risk within the locality where a fire engine has been removed
- the proximity of other fire engines able to provide appropriate cover in an area where a fire engine has been removed
- the number of firefighters affected, including their crewing systems (e.g. wholetime shift and retained duty)
- the savings associated with the removal of a fire engine, which will vary depending on which fire engines are removed
- the need to ensure that strategically located<sup>35</sup> fire stations are not adversely affected by the removal of a fire engine
- the potential impact on any strategically located specialist vehicles at fire stations affected
- the potential impact on fire stations over the border, i.e. within other Fire and Rescue Authority areas.

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5.22 Using these principles, the review has considered the impact of:

- a. removing one fire engine from a fire station that currently has three fire engines
- b. removing one fire engine from a fire station that currently has two fire engines

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<sup>35</sup> this is the geographic location of the fire station in relation to the Service's need to be able to provide back-up support in good time and the resilience to deal with a large incident as well as day to day activities.

- c. removing a fire engine from a fire station in a local cluster of fire stations.









### *THE PROPOSALS*

- 5.23 Proposals to change our fire and emergency cover arrangements have been set out into three broad proposals. Each proposal has assessed the potential impact of removing a fire engine against the key principles identified above. The following tables (figures 12, 13 and 14) provide a summary of each, along with a short description. A short impact analysis is also included in each table, with figures based on the findings of the simulation model.
- 5.24 Details of the fire stations affected by these proposals are set out in Appendix 1. Full profiles of all 27 fire stations, including the implications of removing a fire engine, have been completed and are available on the Service website.

#### *Proposal 1*

- 5.25 Proposal 1 removes a fire engine from each of the three fire stations that currently have three fire engines - Hereford, Redditch and Worcester fire stations (see figure 12 below). At Hereford and Worcester fire stations, the removal of a wholetime fire engine will also remove a wholetime crew of firefighters, while removing an on-call fire engine from Redditch fire station will remove an on-call crew. In total, 50 posts would be lost and there would be a saving of £1,575,400.
- 5.26 Analysis of the impact on our ability to attend incidents in good time shows that there would be very little impact in implementing this proposal. There would be a slight delay for the first fire engine on scene and in providing support at Hereford and Worcester fire stations. However, this can be addressed by changing the way other fire engines are sent to provide support from neighbouring fire stations, such as Droitwich and Malvern. The proposed change at Redditch fire station would have a minimal impact on our ability to reach incidents in good time. While the three fire stations are currently the busiest, the proposal puts them on a similar basis to the other two busy fire stations, Kidderminster and Bromsgrove.

Figure 12 - Removing a fire engine from a fire station with three fire engines

| Proposal  | Fire Stations affected | Current Status  | Proposed Status   | Impact                                       | FF Posts Lost |    | Financial Savings |                     |
|---|------------------------|---|---|--|---------------|----|-------------------|---------------------|
|   |                        |   |   |  | WT            | OC | 2014/15           | 2016/17 and ongoing |
| Fire Stations with <b>three</b> Fire Engines  |                        |   |   |  |               |    |                   |                     |
| 1<br>Remove one fire engine from each fire station within this proposal   | Hereford               |  |  | Loss of posts and slight delay in support    | 22            | 0  | £767,650          | £767,650            |
|   | Redditch               |  |  | Minimal impact on both community and Service | 0             | 6  | £55,300           | £55,300             |
|   | Worcester              |  |  | Loss of posts and slight delay in support    | 22            | 0  | £752,450          | £752,450            |
|   |                        |   |   |  | 44            | 6  | £1.575m           | £1.575m             |
| <u>Impact Summary:</u><br>The analysis shows that Hereford's first fire engine would reach about 1 in 20 life risk incidents (representing about 5 fires in buildings and 3 RTCs per year) later than currently, and for Worcester's first fire engine it would be later at about 1 in 15 incidents (representing 9 fires in buildings and 5 RTCs per year). Where back-up support is needed, the second fire engine at Hereford would reach 9 of 84 fires in buildings and 2 of 37 RTCs slightly later each year. For Worcester, support would be slightly later at 6 of 108 fires in buildings and 2 of 45 RTCs each year.<br><br>At Redditch fire station, the first fire engine would reach just 1 fire in buildings later each year and would arrive no later at RTCs than at present. Support from a second fire engine would be later at just 1 in 40 fires in buildings each year and no later at RTCs than at present. |                        |   |   |  |               |    |                   |                     |
| Key:  = Wholetime  = On-Call    FF = Firefighter    WT = Wholetime    OC = On-Call  |                        |   |   |  |               |    |                   |                     |

5.27 This proposal can be considered as stand-alone. It retains a high level of fire and emergency cover by retaining two fire engines at each fire station, while also providing significant savings.

## Proposal 2

5.28 Proposal 2 removes one fire engine from three of the ten fire stations that currently have two fire engines (see figure 13 below). The three fire stations are at Bromyard, Ledbury and Tenbury Wells, and they represent those stations where there is the least impact on the community and the Service as a whole if a fire engine was removed. Removing the three fire engines will also remove an on-call crew at each fire station, a total of 20 posts.











5.29 The ten fire stations with two fire engines are crewed in different ways reflecting how busy they are. Kidderminster, the busiest of the ten, has one fire engine with a wholetime crew and one with an on-call crew. The next busiest, Bromsgrove fire station, has a fire engine currently crewed by wholetime firefighters (which will change to the day-crewing-plus crewing system from April 2014) and one with an on-call crew. Droitwich, Evesham and Malvern fire stations have one fire engine crewed by day-crewing firefighters and one with an on-call crew. The other five fire stations at



Bromyard, Ledbury, Leominster, Ross-on-Wye and Tenbury Wells each have two on-call fire engines.

- 5.30 It is not proposed to remove the on-call fire engines at Bromsgrove, Droitwich and Malvern fire stations at this stage for a number of reasons but notably because they support the implementation of Proposal 1. Leominster and Ross-on-Wye fire stations are considered further in Proposal 3 along with Kidderminster and Evesham fire stations.

**Figure 13 - Removing a fire engine from a fire station with two fire engines**

| Proposal  | Fire Stations affected                      | Current Status | Proposed Status   | Impact  | FF Posts Lost    |    | Financial Savings |                     |          |
|---|---|----------------|---|---|------------------|----|-------------------|---------------------|----------|
|   |   |                |   |   | WT               | OC | 2014/15           | 2016/17 and ongoing |          |
| Fire Stations with <b>two</b> Fire Engines  |   |                |   |   |                  |    |                   |                     |          |
| 2   | Remove one fire engine at each fire station | Bromyard       |   |  | Delay in support | 0  | 5                 | £44,500             | £44,500  |
|   |   | Ledbury        |   |  | Delay in support | 0  | 8                 | £51,700             | £51,700  |
|   |   | Tenbury Wells  |   |  | Delay in support | 0  | 7                 | £38,800             | £38,800  |
|   |   |                |   |   |                  | 0  | 20                | £135,000            | £135,000 |
| <u>Impact Summary:</u><br>The analysis shows that removing one of the on-call fire engines at each of these three fire stations will have no impact on how quickly we get to fires in buildings and RTCs in these areas. Where a second fire engine is needed as back-up support, it would take longer than at present at no more than 7 fires in buildings and 7 RTCs in each fire station area each year. |   |                |   |   |                  |    |                   |                     |          |
| Key  = On-Call      FF = Firefighter      WT = Wholetime      OC = On-Call   |   |                |   |   |                  |    |                   |                     |          |

- 5.31 This proposal can be considered as stand-alone, as there is minimal impact on other fire station areas and the remaining fire engines will provide a high level of fire and emergency cover in their local area. The proposal provides savings of £135,000.













### Proposal 3

- 5.32 Proposal 3 has looked at fire stations in four clusters - North and South Worcestershire and North and South Herefordshire. The options for each cluster are presented as a choice between either removing a fire engine from a fire station with two fire engines or closing a fire station with a single fire engine (see figure 14 below). There are currently fourteen fire stations that have a single fire engine and each one was assessed in the course of preparing this proposal. The four single fire engine stations listed in this proposal - at Bewdley, Broadway, Kingsland and Whitchurch - are considered to have the least impact of the fourteen if their fire engine is removed. The analysis showed that the impact in the other ten fire station areas would be greater for a number of reasons including the area's remoteness, the ability of another fire engine to reach an incident in an area where a single fire engine has been removed, and the level of risk in each area.

5.33 The choices in each cluster are considered as either/or, because the removal of a fire engine at either fire station would then preclude the removal of the fire engine at the other fire station. Depending on the choice of options, between 38 and 56 on-call firefighting posts would be lost, and savings from 2016-17 would be between £292,800 and £401,500. On balance, our professional judgement suggests that closing the two single fire engine stations at Bewdley and Broadway would offer the least impact in North and South Worcestershire. However, the options for North and South Herefordshire are not so clear cut, as the removal of one of the on-call fire engines from each of Leominster and Ross-on-Wye fire stations has a broadly similar impact to that of closing the single fire engine stations at Kingsland and Whitchurch.

5.34 Full details of the implications for each fire station affected by this proposal are set out in Appendix 1.




**Figure 14 - Removing a fire engine from a fire station in a local cluster**

| Proposal  | Fire Stations affected | Current Status  | Proposed Status   | Impact  | FF Posts Lost |        | Financial Savings |                     |
|---|------------------------|---|---|---|---------------|--------|-------------------|---------------------|
|   |                        |   |   |   | W<br>T        | O<br>C | 2014/15           | 2016/17 and ongoing |
| Clusters  | North Worcestershire   |   |   |   |               |        |                   |                     |
| 3<br><br>Within each cluster<br><br>EITHER<br><br>Remove one fire engine at a fire station with two fire engines<br><br>OR<br><br>Close a fire station in close proximity | Kidderminster          |  |  | Slight delay in support, mainly in Kidderminster        | 0             | 15     | £111,100          | £111,100            |
|   | OR                     |   |   |   |               |        |                   |                     |
|   | Bewdley                |  | X   | Kidderminster and Stourport can provide similar cover   | 0             | 13     | £101,900          | £111,800            |
|   | South Worcestershire   |   |   |   |               |        |                   |                     |
|   | Evesham                |  |  | Delay in support, mainly in the Evesham area            | 0             | 18     | £97,400           | £97,400             |
|   | OR                     |   |   |   |               |        |                   |                     |
|   | Broadway               |  | X   | Low number of incidents, Evesham can provide cover      | 0             | 13     | £97,700           | £102,500            |
|   | North Herefordshire    |   |   |   |               |        |                   |                     |
|   | Leominster             |  |  | Slight delay in support, mainly in the Leominster area  | 0             | 5      | £39,900           | £39,900             |
|   | OR                     |   |   |   |               |        |                   |                     |
|   | Kingsland              |  | X   | Low number of incidents, Leominster can provide cover   | 0             | 12     | £91,400           | £98,000             |
|   | South Herefordshire    |   |   |   |               |        |                   |                     |
|   | Ross-on-Wye            |  |  | Slight delay in support, mainly in the Ross-on-Wye area | 0             | 7      | £44,400           | £44,400             |
|   | OR                     |   |   |   |               |        |                   |                     |
|   | Whitchurch             |  | X   | Some delay in cover but low number of incidents         | 0             | 11     | £80,700           | £89,200             |

Impact Summary:

The analysis shows that there would be little impact on how quickly we turn up to incidents if we choose either of the options in North and South Worcestershire, though of the two choices closing the fire station would have less impact. In North Worcestershire, choosing either option would mean that we would arrive later at no more than 5 fires in buildings and 4 RTCs per year in the station area than at present. The main impact is on back-up support in the Kidderminster area; if the on-call fire engine at Kidderminster fire station was removed, back-up support would arrive later to 48 of 66 fires in buildings and to 24 of 36 RTCs each year than at present, while removing the fire engine at Bewdley would mean a support fire engine would arrive later at 1 fire in buildings and 1 RTC each year in the Bewdley area. In South Worcestershire, choosing either option would mean that we would arrive later at no more than 3 fires in buildings and 1 RTC per year in the station area than at present. The main impact is on back-up support in the Evesham area; removing the on-call fire engine at Evesham fire station would mean that a support fire engine would arrive later to 23 of 37 fires in buildings and 13 of 19 RTCs each year than at present, while removing the fire engine at Broadway has no impact on providing back-up support in the Broadway area.

In North and South Herefordshire, there is less of a clear cut choice between the two options. In North Herefordshire, choosing either option would mean that we would arrive later at no more than 1 fire in buildings and 4 RTCs per year in the Kingsland area than at present if the Kingsland fire engine is removed, while removing one of the on-call fire engines at Leominster would have no more impact than at present. Of the two options, there is more of an impact on back-up support in the Leominster area; removing one of the on-call fire engines at Leominster fire station would mean that a support fire engine would arrive later to 10 of 17 fires in buildings and 3 of 17 RTCs each year than at present, while removing the fire engine at Kingsland has no impact on providing back-up support in the Kingsland area. In South Herefordshire, closing Whitchurch fire station would affect our attendance to RTCs, while removing one of the on-call fire engines at Ross-on-Wye fire station would affect our ability to provide back-up support. Closing Whitchurch fire station would mean that we would arrive later at 2 fires in buildings than we do at present and to all 8 RTCs we currently reach within 10 minutes in the local area. Back-up support when required would not be affected. Removing one of the on-call fire engines at Ross-on-Wye fire station has a very slight impact on how quickly we reach incidents, being later at just 1 fire in buildings and no RTCs. However, it does affect back-up support; a second fire engine would arrive later to 8 fires in buildings and 8 RTCs in the Ross-on-Wye area than at present.

Key:  = Wholetime  = Day Crewing  On-Call FF = Firefighter WT = Wholetime OC = On-Call

### *Consultation on Proposals*

- 5.35 The three proposals have been designed to minimise the impact on the Service and on communities as far as possible. We know, however, that there will be other views on the impact of removing a fire engine or closing a fire station, especially from communities who may have a more local perspective.
- 5.36 Although we have used our professional judgement and analytical techniques to prepare a set of proposals, there are choices to be made, particularly within Proposal 3, that need to reflect a full understanding of local impacts.
- 5.37 Therefore, we are putting the proposals out for public consultation to get as many views together as possible, before the Fire and Rescue Authority makes their decision. The details of the consultation are set out in Section 7 at the end of this document.
- 5.38 Once approved, it is anticipated the implementation of chosen proposals will be carried out between April 2014 and March 2017.

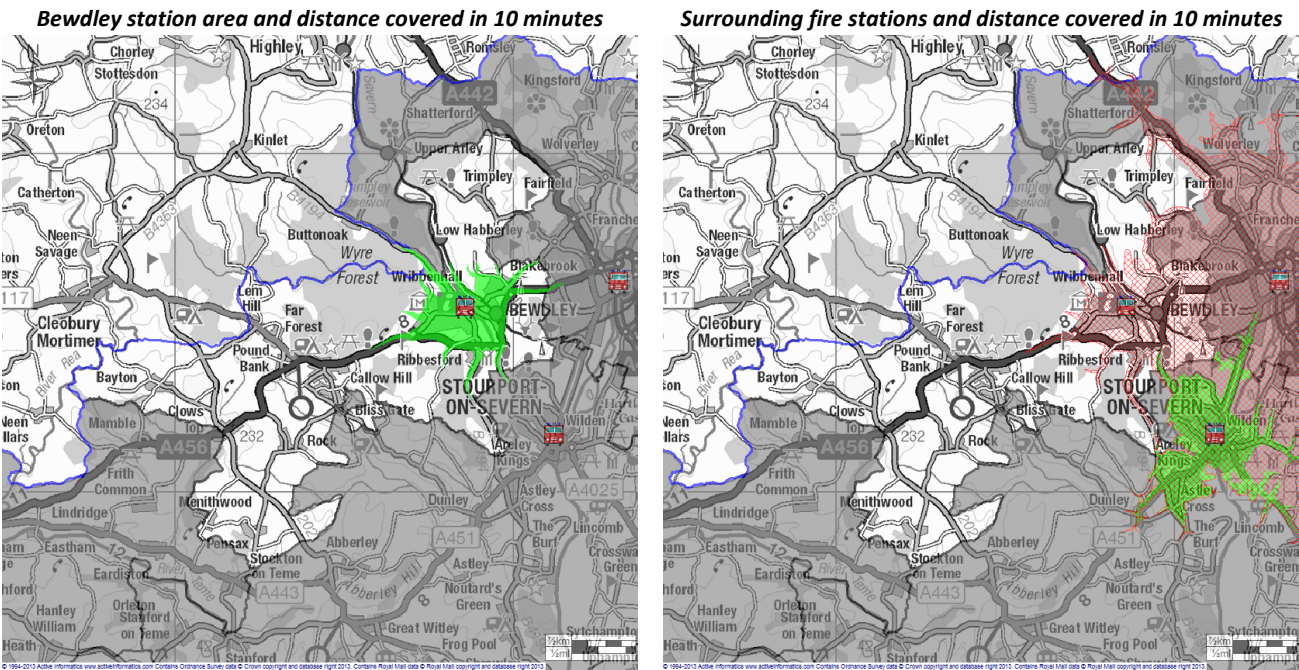
# BEWDLEY FIRE STATION



(See Proposal 3 in Section 5 of the Community Risk Management Plan)

Bewdley fire station has one on-call fire engine. This means that the crew live or work locally and are able to travel to the fire station within 5 minutes. The station also has an off-road vehicle for attending incidents in hard-to-access terrain, which can also be used to tow personnel and equipment at an incident.

Bewdley fire station is located in Bewdley town in north Worcestershire. Bewdley is near the towns of Kidderminster and Stourport but is also in a rural area. Local fire stations include Kidderminster 3 miles to the east, Stourport 4 miles to the south and Tenbury Wells 14 miles to the west. Cleobury Mortimer fire station is 8 miles to the west over the county border in Shropshire.

The map below on the left shows the station area for Bewdley fire station with the distance the fire engine can travel within 10 minutes of being alerted. The map on the right shows the fire stations surrounding Bewdley station area with the distance their engines can travel within 10 minutes of being alerted<sup>1</sup>.



|   |                           |                          |                         |   |
|---|---------------------------|--------------------------|-------------------------|---|
| Fire station  | Surrounding station areas | Wholtime travel distance | On-call travel distance | County boundary   |
|  |                           |                          |                         |  |

<sup>1</sup> Represents distance travelled during the day with moderate to light congestion, based on professional judgement

## *HOW WE RESPOND TO INCIDENTS IN THIS AREA*

### **What incidents do we attend in this local station area?**

Within the Bewdley station area, there are on average 132 incidents a year<sup>2</sup>. There are on average 7 fires in the home (excludes chimney fires), 14 road traffic collisions and 35 false alarms. Other incidents we attend include fires in chimneys, other residential and non-domestic buildings, outdoor structures, cars, crops and open land. We also rescue people and animals. 56% of incidents in this station area occur during the day (8am-6pm) and 44% at night.

The fire engine at this fire station is mobilised on average from 14 to 18 times a year to activity outside of Herefordshire and Worcestershire. Approximately 52% of mobilisations from Bewdley station are to activity within its own station area, 39% to activity outside of its own station area but within the two counties and 9% to activity outside of the two counties<sup>3</sup>. Fire engines from other fire services are requested to support incidents in this area 3 times on average per year.

### **How quickly can we get to fires in buildings in this area?<sup>4</sup>**

There have been on average 12 fires in buildings a year in Bewdley station area. We can arrive at approximately 8 of these fires within 10 minutes and approximately 10 within 15 minutes.

We provide support in the form of an additional fire engine to approximately 10 fires in buildings per year. This support can arrive within 5 minutes of the 1<sup>st</sup> fire engine to all of those incidents.

### **How quickly can we get to road traffic collisions (RTCs) in this area?**

There have been on average 14 RTCs a year in Bewdley station area. We can arrive at approximately 7 of these RTCs within 10 minutes and approximately 11 within 15 minutes.

We provide support in the form of an additional fire engine to approximately 8 RTCs a year. This support can arrive within 5 minutes of the 1<sup>st</sup> fire engine to all of those incidents.

### **What do we know about commercial premises in this area?**

Bewdley's station area has a total of 173 commercial buildings that are known to the Service. We hold detailed records on 17 of these properties, which we have assessed using a Risk Rating Mechanism as possessing potential hazards or that would cause community impact if lost to fire. On average there are approximately 3 fires involving commercial

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<sup>2</sup> Based on mobilisation data from 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2012

<sup>3</sup> Refers to all activity, including training exercises and where attendance in the end was not required

<sup>4</sup> We have used a computer software program to simulate our attendance and to predict how this might change due to removing fire engines

buildings each year in the Bewdley area and the Service is working with local business to promote fire safety to keep these numbers low<sup>5</sup>.

**Do we always send the local fire engine to incidents in its own area?**

No, because the local fire engine might not be the closest to the incidents in its station area, also it might not always be available. The crew is made up of members of the local community who have other jobs and commitments. This means that sometimes they might not be able to make it to the fire station when an incident occurs. At Bewdley fire station the on-call fire engine is not available 5% of the time (10% of the time during the day and 1% of the time during the night<sup>6</sup>), which means that the proposed change below is already in place during these periods.

### **PROPOSED CHANGE**

**To close the fire station**

This would change the level of cover at Bewdley fire station from one fire engine to no fire engines in Bewdley.

### **Key Points**

- Fire and emergency cover would be provided by the wholetime and on-call fire engines from Kidderminster and the on-call fire engine from Stourport
- Impact on our attendance to fires in buildings and RTCs would be very limited due to the proximity of surrounding stations
- With the fire engine not always available, the proposed change is effectively already in place approximately 5% of the time
- By closing this fire station, the Service would reduce its annual outgoings by £101,900 in 2014/15 and by £111,800 from 2016/17
- There would be a reduction of 13 on-call firefighter posts at Bewdley

### **HOW WOULD THIS AFFECT RISK?**

**How quickly would we be able to attend fires in buildings in Bewdley station area?**

In the following table you can see that if we were to remove the on-call fire engine in this area, we would arrive at approximately 7 fires in buildings per year within 10 minutes and 9 within 15 minutes. We would provide support in the form of an additional fire engine within 5 minutes of the 1<sup>st</sup> fire engine to approximately 9 fires in buildings per year and within 10 minutes of the 1<sup>st</sup> fire engine to all 10 fires in buildings per year that required back up support.

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<sup>5</sup> Based on IRS incident data from 1<sup>st</sup> Jan 2008 - 31<sup>st</sup> Dec 2012

<sup>6</sup> Based on on-call availability data for Jan - Dec 2012. Day-time = 0800-1800; night-time = 1800-0800

| Fires in Buildings in Bewdley station area  |                             |                            |   |  |
|---|-----------------------------|----------------------------|---|--|
| Incidents<br>Attended by:<br>(1 <sup>st</sup> ) 12 p.a.<br>(2 <sup>nd</sup> ) 10 p.a. | 1 <sup>st</sup> Fire Engine |                            | 2 <sup>nd</sup> Fire Engine                         |  |
|   | Arriving within 10 minutes  | Arriving within 15 minutes | Arriving within 5 minutes of 1 <sup>st</sup> engine | Arriving within 10 minutes of 1 <sup>st</sup> engine |
| Current attendance  | 8                           | 10                         | 10  | 10   |
| Removal of on-call engine   | 7                           | 9                          | 9   | No adverse impact                                    |
| <b>Difference</b>   | <b>1</b>                    | <b>1</b>                   | <b>1</b>  |  |

**How quickly would we be able to attend road traffic collisions in Bewdley station area?**

In the following table you can see that if we were to remove the on-call fire engine in this area, we would arrive at approximately 5 RTCs per year within 10 minutes and to the same number of incidents within 15 minutes as with current fire and emergency cover. We would provide support in the form of an additional fire engine within 5 minutes of the 1<sup>st</sup> fire engine to approximately 7 RTCs per year and within 10 minutes of the 1<sup>st</sup> fire engine to all 8 RTCs per year.

| Road Traffic Collisions (RTCs) in Bewdley station area                               |                             |                            |   |  |
|--|-----------------------------|----------------------------|---|--|
| Incidents<br>Attended by:<br>(1 <sup>st</sup> ) 14 p.a.<br>(2 <sup>nd</sup> ) 8 p.a. | 1 <sup>st</sup> Fire Engine |                            | 2 <sup>nd</sup> Fire Engine                         |  |
|  | Arriving within 10 minutes  | Arriving within 15 minutes | Arriving within 5 minutes of 1 <sup>st</sup> engine | Arriving within 10 minutes of 1 <sup>st</sup> engine |
| Current attendance   | 7                           | 11                         | 8   | 8  |
| Removal of on-call engine  | 5                           | No adverse impact          | 7   | No adverse impact                                    |
| <b>Difference</b>  | <b>2</b>                    |                            | <b>1</b>  |  |

**Which fire engines would attend incidents in Bewdley station area instead?**

The fire engines at Kidderminster and Stourport would most often be sent as 1<sup>st</sup> fire engine instead. Fire engines at Tenbury Wells would be sent to incidents that take place on the outer boundary of the station area.

**How would this proposal impact on Hereford & Worcester Fire and Rescue Service as a whole?**

By closing the station at Bewdley, fire engines at Stourport, Kidderminster, Bromsgrove and Droitwich stations would become busier. The Bewdley fire engine is called out on average from 14 to 18 times a year to activity that is outside the two counties area. These mobilisations would most likely be picked up by fire engines at Kidderminster, Stourport or Tenbury Wells stations, depending on the location of the incidents. The off-road vehicle would need to be re-located.



***WHAT ARE THE FINANCIAL IMPLICATIONS OF THIS CHANGE?***

By removing this fire engine, the Service would reduce its annual outgoings by £101,900 in 2014/15 and by £111,800 in 2016/17. This would be achieved by removing 13 on-call firefighter posts and closing the station. It does not include vehicle savings.



# KIDDERMINSTER FIRE STATION

(See Proposal 3 in Section 5 of the Community Risk Management Plan)

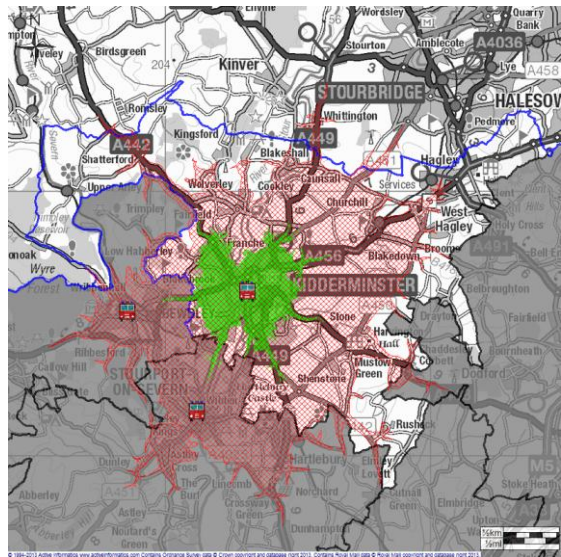
Kidderminster fire station has two fire engines, one wholetime and one on-call fire engine. For the wholetime engine, the crew are on the fire station 24 hours a day and available to leave within 90 seconds of being alerted to an incident. For the on-call engine the crew live or work locally and are able to travel to the fire station within 5 minutes.

The station has equipment that is part of the National Resilience fleet, originally provided by Central Government to support activity that is coordinated nationally in times of crisis. Some of the firefighters form a specialist crew trained to effect flood evacuation tasks and perform rescues from the river bank. They also provide support for the Water Rescue Vehicles at Worcester and Evesham fire stations.

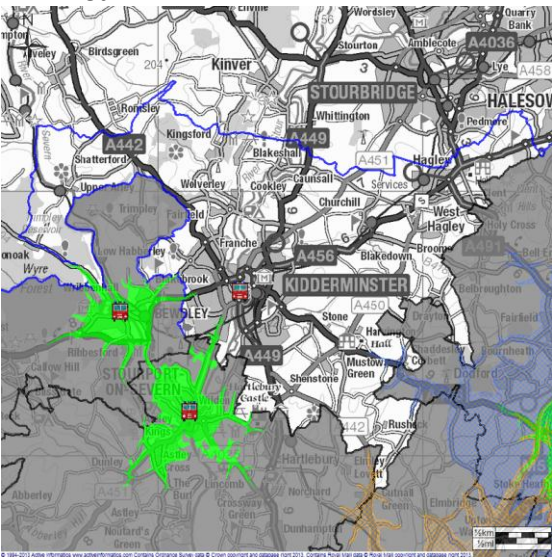
Kidderminster fire station is located in Kidderminster town in north Worcestershire. The surrounding geography is part rural, part urban. Local fire stations include Bewdley 3 miles to the west, Stourport 4 miles to the south and Bromsgrove 10 miles to the east. Kinver fire station is 6 miles to the north in Staffordshire.



The map below on the left shows the station area for Kidderminster fire station with the distance the fire engines can travel within 10 minutes of being alerted. The map on the right shows the fire stations surrounding Kidderminster station area with the distance their engines can travel within 10 minutes of being alerted<sup>1</sup>.

Kidderminster station area and distance covered in 10 minutes



Surrounding fire stations and distance covered in 10 minutes



| Fire station  | Surrounding station areas | Wholetime travel distance | On-call travel distance | Day-crewed travel distance | Day-crewing plus travel distance | County boundary   |
|---|---------------------------|---------------------------|-------------------------|----------------------------|----------------------------------|---|
|  |                           |                           |                         |                            |                                  |  |

<sup>1</sup> Represents distance travelled during the day with moderate to light congestion, based on professional judgement

## ***HOW WE RESPOND TO INCIDENTS IN THIS AREA***

### **What incidents do we attend in this local station area?**

Within the Kidderminster station area, there are on average 894 incidents a year<sup>2</sup>. There are on average 46 fires in the home (excludes fires in chimneys), 61 road traffic collisions and 399 false alarms. Other incidents we attend include fires in chimneys, other residential and non-domestic buildings, outdoor structures, cars, crops and open land. We also rescue people and animals. 50% of incidents in this station area occur during the day (8am-6pm) and 50% at night.

The fire engines at this fire station are mobilised on average from 51 to 59 times a year to activity outside of Herefordshire and Worcestershire. Approximately 78% of mobilisations from Kidderminster station are to activity within its own station area, 18% to activity outside of its own station area but within the two counties and 4% to activity outside of the two counties<sup>3</sup>. Fire engines from other fire services are requested to support incidents in this area 27 times on average per year.

### **How quickly can we get to fires in buildings in this area? <sup>4</sup>**

There have been on average 78 fires in buildings a year in Kidderminster station area. We can arrive at approximately 64 of these fires within 10 minutes and approximately 77 within 15 minutes.

We provide support in the form of an additional fire engine to approximately 66 fires in buildings per year. This support can arrive within 5 minutes of the 1<sup>st</sup> fire engine to approximately 60 of those incidents and within 10 minutes to approximately 64 of those incidents per year.

### **How quickly can we get to road traffic collisions (RTCs) in this area?**

There have been on average 61 RTCs a year in Kidderminster station area. We can arrive at approximately 49 of these RTCs within 10 minutes and approximately 59 within 15 minutes.

We provide support in the form of an additional fire engine to approximately 36 RTCS a year. This support can arrive within 5 minutes of the 1<sup>st</sup> fire engine to approximately 34 of those incidents and within 10 minutes to approximately 35 of those incidents per year.

### **What do we know about commercial premises in this area?**

Kidderminster's station area has a total of 1,274 commercial buildings that are known to the Service. We hold detailed records on 167 of these properties, which we have assessed using a Risk Rating Mechanism as possessing potential hazards or that would cause

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<sup>2</sup> Based on mobilisation data from 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2012

<sup>3</sup> Refers to all activity, including training exercises and where attendance in the end was not required

<sup>4</sup> We have used a computer software program to simulate our attendance and to predict how this might change due to removing fire engines

community impact if lost to fire. On average there are approximately 19 fires involving commercial buildings each year in the Kidderminster area and the Service is working with local business to promote fire safety to keep these numbers low<sup>5</sup>.

**Do we always send the local fire engines to incidents in their own area?**

No, because the local fire engines might not be the closest to the incidents in their station area, also they might not always be available. For the on-call fire engine the crew is made up of members of the local community who have other jobs and commitments. This means that sometimes they might not be able to make it to the fire station when an incident occurs. At Kidderminster fire station the on-call fire engine is not available 2% of the time (3% of the time during the day and 2% of the time during the night<sup>6</sup>), which means that the proposed change below is already in place during these periods.

## **PROPOSED CHANGE**

**To remove an on-call fire engine**

This would change the level of cover at Kidderminster fire station from one wholetime and one on-call fire engine to one wholetime fire engine.

## **Key Points**

- Fire and emergency cover would continue to be provided by the remaining wholetime fire engine at Kidderminster
- We would arrive slightly later to a limited number fires in buildings and RTCs
- If a 2<sup>nd</sup> fire engine were required in Kidderminster it would be slightly delayed
- With the affected fire engine not always available, the proposed change is effectively already in place approximately 2% of the time
- By removing this fire engine, the Service would reduce its annual outgoings by £111,100 from 2014/15 onwards
- There would be a reduction of 15 on-call firefighter posts at Kidderminster

## **HOW WOULD THIS AFFECT RISK?**

**How quickly would we be able to attend fires in buildings in Kidderminster station area?**

In the following table you can see that if we were to remove the on-call fire engine in this area, we would arrive at approximately 59 fires in buildings per year within 10 minutes and 74 within 15 minutes. We would provide support in the form of an additional fire engine within 5 minutes of the 1<sup>st</sup> fire engine to approximately 12 fires in buildings per year and within 10 minutes of the 1<sup>st</sup> fire engine to approximately 61 fires in buildings per year.

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<sup>5</sup> Based on IRS incident data from 1<sup>st</sup> Jan 2008 - 31<sup>st</sup> Dec 2012

<sup>6</sup> Based on on-call availability data for Jan - Dec 2012. Day-time = 0800-1800; night-time = 1800-0800

| Fires in Buildings in Kidderminster station area                                      |                             |                            |   |  |
|---|-----------------------------|----------------------------|---|--|
| Incidents<br>Attended by:<br>(1 <sup>st</sup> ) 78 p.a.<br>(2 <sup>nd</sup> ) 66 p.a. | 1 <sup>st</sup> Fire Engine |                            | 2 <sup>nd</sup> Fire Engine                         |  |
|   | Arriving within 10 minutes  | Arriving within 15 minutes | Arriving within 5 minutes of 1 <sup>st</sup> engine | Arriving within 10 minutes of 1 <sup>st</sup> engine |
| Current attendance  | 64                          | 77                         | 60  | 64   |
| Removal of on-call engine   | 59                          | 74                         | 12  | 61   |
| <b>Difference</b>   | <b>5</b>                    | <b>3</b>                   | <b>48</b>   | <b>3</b>   |

**How quickly would we be able to attend road traffic collisions in Kidderminster station area?**

In the following table you can see that if we were to remove the on-call fire engine in this area, we would arrive at approximately 45 RTCs per year within 10 minutes and 57 within 15 minutes. We would provide support in the form of an additional fire engine within 5 minutes of the 1<sup>st</sup> fire engine to approximately 10 RTCs per year and within 10 minutes of the 1<sup>st</sup> fire engine to approximately 34 RTCs per year.

| Road Traffic Collisions (RTCs) in Kidderminster station area                          |                             |                            |   |  |
|---|-----------------------------|----------------------------|---|--|
| Incidents<br>Attended by:<br>(1 <sup>st</sup> ) 61 p.a.<br>(2 <sup>nd</sup> ) 36 p.a. | 1 <sup>st</sup> Fire Engine |                            | 2 <sup>nd</sup> Fire Engine                         |  |
|   | Arriving within 10 minutes  | Arriving within 15 minutes | Arriving within 5 minutes of 1 <sup>st</sup> engine | Arriving within 10 minutes of 1 <sup>st</sup> engine |
| Current attendance  | 49                          | 59                         | 34  | 35   |
| Removal of on-call engine   | 45                          | 57                         | 10  | 34   |
| <b>Difference</b>   | <b>4</b>                    | <b>2</b>                   | <b>24</b>   | <b>1</b>   |

**Which fire engines would attend incidents in Kidderminster station area instead?**

On the few occasions when the remaining fire engine might already be attending another incident when a building fire or an RTC takes place in this area, we would send a fire engine from Bewdley or Stourport as 1<sup>st</sup> fire engine instead. Fire engines from Bromsgrove and Worcester would be sent to incidents that take place on the outer boundary of the station area.



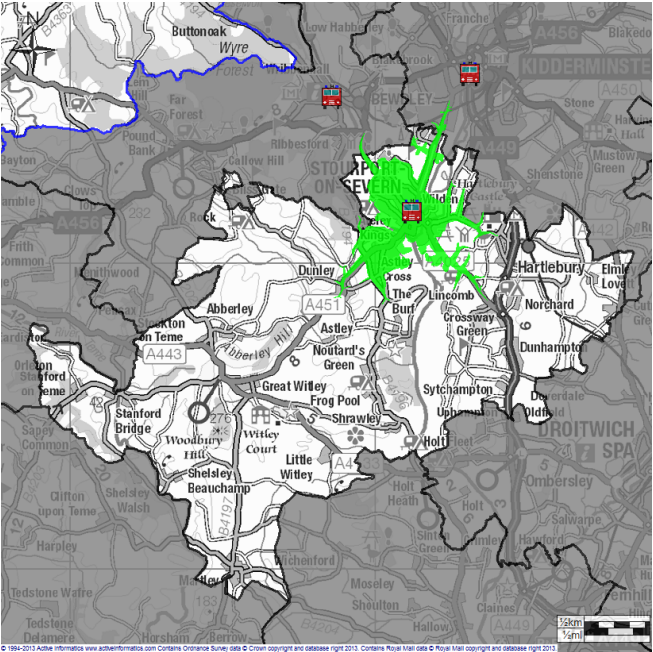
# STOURPORT FIRE STATION

Stourport fire station has one on-call fire engine. This means that the crew live or work locally and are able to travel to the fire station within 5 minutes. The station also has a trailer-based Environment Protection Unit, a vehicle which provides specialist equipment to contain spillages that could harm the environment.

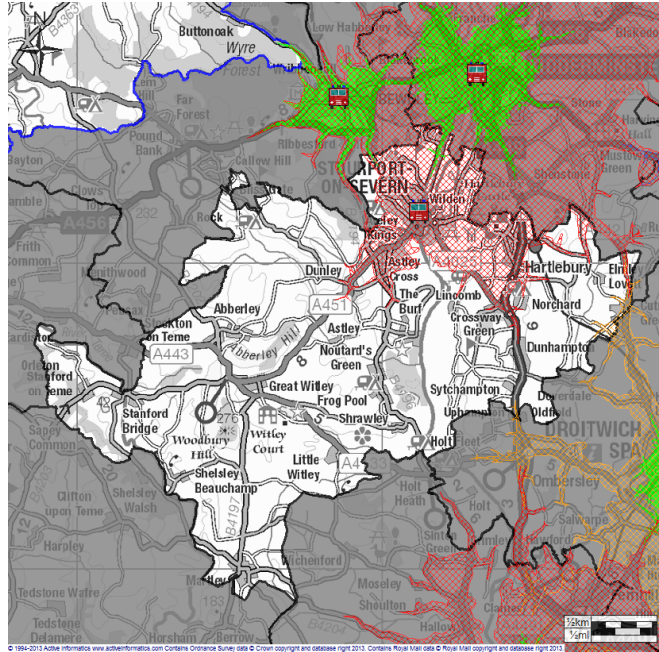
Stourport fire station is located in Stourport town, which is a rural market town situated near Kidderminster and Bewdley in north Worcestershire. Local fire stations include Bewdley 4 miles to the northwest and Kidderminster 4 miles to the northeast.


The map below on the left shows the station area for Stourport fire station with the distance the fire engine can travel within 10 minutes of being alerted. The map on the right shows the fire stations surrounding Stourport station area with the distance their engines can travel within 10 minutes of being alerted<sup>13</sup>.

Stourport station area and distance covered in 10 minutes



Surrounding fire stations and distance covered in 10 minutes



| Fire station  | Surrounding station areas | Wholetime travel distance | On-call travel distance | Day-crewed travel distance |
|---|---------------------------|---------------------------|-------------------------|----------------------------|
|  |                           |                           |                         |                            |

<sup>13</sup> Represents distance travelled during the day with moderate to light congestion, based on professional judgement



## ***HOW WE RESPOND TO INCIDENTS IN THIS AREA***

### **What incidents do we attend in this local station area?**

Within the Stourport station area, there are on average 288 incidents a year<sup>14</sup>. There are on average 12 fires in the home (excludes fires in chimneys), 24 road traffic collisions and 107 false alarms. Other incidents we attend include fires in chimneys, other residential and non-domestic buildings, outdoor structures, cars, crops and open land. We also rescue people and animals. 47% of incidents in this station area occur during the day (8am-6pm) and 53% at night.

The fire engine at this fire station is mobilised on average from 4 to 8 times year to activity outside of Herefordshire and Worcestershire. Approximately 73% of mobilisations from Stourport station are to activity within its own station area, 24% to activity outside of its own station area but within the two counties and 3% to activity outside of the two counties<sup>15</sup>. Fire engines from other fire services are requested to support incidents in this area about once a year.

### **How quickly can we get to fires in buildings in this area? <sup>16</sup>**

There have been on average 25 fires in buildings a year in Stourport station area. We can arrive at approximately 15 of these fires within 10 minutes and approximately 21 within 15 minutes.

We provide support in the form of an additional fire engine to approximately 21 fires in buildings per year. This support can arrive within 5 minutes of the 1<sup>st</sup> fire engine to approximately 19 of those incidents and within 10 minutes to all 21 of those incidents.

### **How quickly can we get to road traffic collisions (RTCs) in this area?**

There have been on average 24 RTCs a year in Stourport station area. We can arrive at approximately 12 of these RTCs within 10 minutes and approximately 17 within 15 minutes.

We provide support in the form of an additional fire engine to approximately 15 RTCs a year. This support can arrive within 5 minutes of the 1<sup>st</sup> fire engine to approximately 14 of those incidents and within 10 minutes to all 15 of those incidents.

### **What do we know about commercial premises in this area?**

Stourport's station area has a total of 173 commercial buildings that are known to the Service. We hold detailed records on 98 of these properties, which we have assessed using a Risk Rating Mechanism as possessing potential hazards or that would cause community impact if lost to fire. On average there are approximately 7 fires involving commercial buildings each year in the Stourport area and the Service is working with local business to promote fire safety to keep these numbers low.<sup>17</sup>

### **Do we always send the local fire engine to incidents in its own area?**

No, because the local fire engine might not be the closest to the incidents in its station area, also it might not always be available. The crew is made up of members of the local community who have other jobs and commitments. This means that sometimes they might not be able to make it to the fire station when an incident occurs. At Stourport fire station the on-call fire engine is not available 6% of the time (11% of the time during the day and 3% of the time during the night<sup>18</sup>), which means that the potential change below is already in place during these periods.

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<sup>14</sup> Based on mobilisation data for the period of 1<sup>st</sup> April 2007 - 31<sup>st</sup> March 2012

<sup>15</sup> Refers to all activity, including training exercises and where attendance in the end was not required

<sup>16</sup> We have used a computer software program to simulate our attendance and to predict how this might change due to removing fire engines

<sup>17</sup> Based on IRS incident data from 1<sup>st</sup> Jan 2008 - 31<sup>st</sup> Dec 2012

<sup>18</sup> Based on on-call availability data for Jan - Dec 2012. Day-time = 0800-1800; night-time = 1800-0800

## POTENTIAL CHANGE CONSIDERED

### To close the fire station

This would change the level of cover at Stourport fire station from one on-call fire engine to no fire engines at this station.

### Key Points

- Fire and emergency cover would be provided by the fire engines at Kidderminster
- We would arrive slightly later to a limited number fires in buildings and to RTCs
- With the fire engine not always available, the potential change is effectively already in place approximately 6% of the time
- By closing this fire station, the Service would reduce its annual outgoings by £121,700 in 2014/15 and by £137,100 from 2016/17
- There would be a reduction of 16 on-call firefighter posts at Stourport

## HOW WOULD THIS AFFECT RISK?

### How quickly would we be able to attend fires in buildings in Stourport station area?

If we were to remove the on-call fire engine in this area, we would arrive at approximately 11 fires in buildings per year within 10 minutes and approximately 20 within 15 minutes. Our ability to provide support in the form of an additional fire engine within 5 minutes of the 1<sup>st</sup> fire engine would not be adversely affected.

| Fires in Buildings in Stourport station area  |                               |                               |  |   |
|---|-------------------------------|-------------------------------|--|---|
| Incidents<br>Attended by:<br>(1 <sup>st</sup> ) 25 p.a.<br>(2 <sup>nd</sup> ) 21 p.a. | 1 <sup>st</sup> Fire Engine   |                               | 2 <sup>nd</sup> Fire Engine                            |   |
|   | Arriving within<br>10 minutes | Arriving within<br>15 minutes | Arriving within 5<br>minutes of 1 <sup>st</sup> engine | Arriving within 10<br>minutes of 1 <sup>st</sup> engine |
| Current attendance  | 15                            | 21                            | 19   | 21  |
| Removal of on-call engine   | 11                            | 20                            | No adverse impact                                      | 20  |
| Difference  | 4                             | 1                             |  | 1   |

### How quickly would we be able to attend road traffic collisions in Stourport station area?

If we were to remove the on-call fire engine in this area, we would arrive at approximately 10 RTCs per year within 10 minutes and approximately 16 within 15 minutes. Our ability to provide support in the form of an additional fire engine within 5 minutes of the 1<sup>st</sup> fire engine would not be adversely affected.

| Road Traffic Collisions in Stourport station area                                     |                               |                               |  |   |
|---|-------------------------------|-------------------------------|--|---|
| Incidents<br>Attended by:<br>(1 <sup>st</sup> ) 24 p.a.<br>(2 <sup>nd</sup> ) 15 p.a. | 1 <sup>st</sup> Fire Engine   |                               | 2 <sup>nd</sup> Fire Engine                            |   |
|   | Arriving within<br>10 minutes | Arriving within<br>15 minutes | Arriving within 5<br>minutes of 1 <sup>st</sup> engine | Arriving within 10<br>minutes of 1 <sup>st</sup> engine |
| Current<br>attendance   | 12                            | 17                            | 14   | 15  |
| Removal of on-<br>call engine   | 10                            | 16                            | No adverse impact                                      | No adverse impact                                       |
| Difference  | 2                             | 1                             |  |   |

**Which fire engines would attend incidents in Stourport station area instead?**

The fire engines at Kidderminster would most often be sent as 1<sup>st</sup> fire engine instead. The fire engines from Bewdley and Bromsgrove stations would be sent to incidents that take place on the outer boundary of the station area.

**How would this potential change impact on Hereford & Worcester Fire and Rescue Service as a whole?**

By closing Stourport fire station, the fire engines at Kidderminster, Bewdley, Bromsgrove, Droitwich and Worcester would become busier. The fire engine at Stourport is mobilised on average from 4 to 8 times a year to activity that is outside the two counties area. These mobilisations would most likely be picked up by the fire engines at Kidderminster or Bewdley. The Environmental Protection Unit would need to be re-located.

***WHAT ARE THE FINANCIAL IMPLICATIONS OF THIS CHANGE?***

By removing this fire engine, the Service would reduce its annual outgoings by £121,700 in 2014/15 and by £137,100 in 2016/17. This would be achieved by removing 16 on-call firefighter posts and closing the station. It does not include vehicle savings.



**Notes Scrutiny Briefing – Fire Authority**

**Thursday 24th October 2013**

**Attendance:**

Councillors: R Bishop, J-P Campion, H Dyke, N Gale, M J Hart, P Hayward, A Hingley, T Ingham, M B Kelly, N Knowles, T Onslow, J Phillips, M Rayner, C Rogers, M A Salter, J Shaw and N J Thomas.

Parish Representatives: A Brookes (Rock), Councillor J W R Thomas (Stourport-on-Severn), Y Scriven (Chaddesley Corbett), Councillor L Candlin (Bewdley), Councillor D Sheppard (Stourport-on-Severn) and Councillor J Sheppard (Stourport-on-Severn).

Apologies were received from: Councillors: G W Ballinger, C Brewer, P Dyke, J Greener, I Hardiman, V Higgs, B McFarland, C D Nicholls, F Oborski and M Price.

Assistant Chief Fire Officer John Hodges and Staff Officer Rob Allen from the Hereford & Worcester Fire and Rescue Service were in attendance to present to Members details of the proposed changes to the fire authority which had been put out for consultation. They took Members through a slide presentation and the following points were highlighted:

The consultation runs for a 12 week period and finished on 10<sup>th</sup> January 2014. If the recommendations (when finalised) were agreed these would be implemented in April 2014.

There were 3 proposals to be considered.

A Community Risk Management Plan had been produced which included looking at existing and perceived risks, resources and the National Risk Register.

The area of Hereford & Worcester was not a risky place to live compared to other areas of the country but a service still needed to be provided.

Finances – the area operated on a budget of just under £33m for the current year. It was important to note that potential options within the consultation dealt with the known, if the proposed reductions were agreed, considerable financial issues would have to be dealt with.

Background – reductions to the budget commenced in 2011/12 with a total of £269k. This was taken from removing the Assistant Officer post, but also the loss of back office staff and this saved £110K and efficiency savings from revenue budget to the tune of £38k. In 2012/13 issues continued and a total of £337k was taken from back office staff, this was a mixture of redundancy and not filling vacant posts. Moving into 2013/14 a reduction of £1m which included the Senior Area Commander role, took out middle managers (this was the station officer level in charge of fire stations) and also made a reduction in fire fighters. Shift patterns weren't changed but the watch numbers were tinkered with. In 2014/15 together with significant guidance from Central Government shift systems would be amended. However, still have deficit of £4.7m by 2016/17. Now forced into position where there is no where else to go but front line, if proposals taken, this would take up another £2m cuts, you can see significant issue but small part of huge amount of money planned to save in future.

No one wants to lose officers, the local MP is being lobbied to talk about the financial system. Hereford & Worcester were in a worse position compared to others with regard to grant funding – only 69%, this was over 30% less than fire and rescue services. Council Tax Band

D equated to £73.64 which was just over the average. The fire authority took the decision to freeze the grant and unfortunately this left £1m short of where we would have been if taken the max 2%.

There were potential mergers with other fire authorities, work was ongoing with Shropshire, as they had similar demographics with Hereford & Worcester, together with sharing some of the resources.

Tentative discussions have started with merging with Warwickshire and the Fire & Rescuer Authority have asked for more information.

Fire cover review – need to get balance right against risk to resources. Review how many fire stations/fire fighters/engines we have. Research needs to be robust. Things like availability of every fire engine, times of call, overall impact of life risk incidents, proximity of other fire engines, all need to be taken account of.

The current shift systems were explained for all areas.

Various maps were shown for the following:

- The different shift patterns throughout Hereford & Worcester. It was perceived that this was not over provided for, it was fairly lean but resilience was needed to cover future floodings and fires. In general, whole time fire fighters were mobilised within 90 seconds of a call and from receiving to responding it was 2 minutes. With retained staff, the response was 5/6 minutes.
- Households and the spread of fire stations.
- Night time calls. The standard time for response was 10 minutes, there was no statutory turnout times. The service put its own target of 10 minutes for fires in buildings and the second appliance arrived within five minutes from the first.

## **Proposals**

### **Option 1**

The reduction of one engine (3 engines at present). This applied to Hereford, Worcester and Redditch.

Hereford had a population of 60k with over 900 incidents per year.

Worcester had a population of 100k with 1,400 incidents per year.

Redditch had a population of 78k attending 1,100/1,200 calls per year.

### **Proposal 2**

Have five stations – Bromyard, Tenbury Ross, Leominster and Ledbury. Move from 2 appliances to 1 in Bromyard, Tenbury and Ross.

### **Proposal 3**

Wyre Forest situation.

Proposal is either to close Bewdley or remove 2nd appliance from Kidderminster.

This would save approximately £112K.

Bewdley has population of 11,300 and there have been 132 incidents per year with 14 road traffic accidents.

Kidderminster has as a population of 55,000 attending 900 incidents per year. 61 per year traffic accidents per year.

This would save approximately £111K.

There was a different impact on communities but the savings were roughly the same. At Kidderminster all crews had specialist water training but this was not the case at Bewdley and there was a high volume pump at Kidderminster but again not at Bewdley.

Bewdley were compared in terms of risk to Hollywood in Birmingham as Hollywood had a population of 11,600. Bewdley had 9 incidents with Hollywood 5. There were 5 road traffic accidents in Bewdley and 12 in Hollywood – the difference being Birmingham had a station. Hollywood relied on the West Midlands service.

The following responses were given to questions:

In Bewdley, 2 appliances would be sent to a house fire.

If Bewdley were to close, and there was a fire in Kidderminster, judgement calls would be made on the incident and resources would be moved around.

If 2 engines were attending a fire in Kidderminster, Bewdley would have to rely on engines from Cleobury Mortimer, Kinver and Stourport-on-Severn.

The worst case scenario had been presented in the proposals, radical system/funding from Government was needed. A number of options were being explored, with possible mergers. Tentative figures had been carried out with Warwickshire and there would appear to be approximately £2m/£2.5m of potential savings.

Only option 1 gave any real financial return as options 2 and 3 were nowhere near the yield that was needed to save money.

Community feeling was very important, we predicted the response when we started.

Bewdley covered 14% of over the border calls for South Shropshire.

Kidderminster covered 4% of over the border calls for South Staffordshire. Cover was also provided by Cleobury Mortimer and Kinver.

There were 14 fire engines at the height of the blaze at Lawrences Recycling Centre. It was mixture of Hereford & Worcester, Shropshire and West Midlands.

Education played an important role and it was perceived that it could have an impact.

**WYRE FOREST DISTRICT COUNCIL**

**FEEDBACK FROM CABINET MEETING HELD ON  
TUESDAY 22<sup>ND</sup> OCTOBER 2013**

**Agenda  
Item No.**

**DECISION**

**9.2 National Non Domestic Rate (NNDR) Relief**

**Decision:**

- 1. The operating principles for a new scheme of NNDR relief from 1<sup>st</sup> April 2014 as set out in paragraph 4.1 of the report to Cabinet be agreed.**
- 2. The eligibility criteria for a new scheme of NNDR relief from 1<sup>st</sup> April 2014 as set out at Appendix 1 to the report to Cabinet be agreed.**
- 3. Delegated authority be granted to the Director of Economic Prosperity and Place in consultation with the Cabinet Member for Resources and Transformation to decide whether to include or exclude leisure centres from the scheme once the negotiations on the new leisure centre are completed.**

**10.1 Revised Local Development Scheme (2013-16)**

**Decision:**

- 1. The Proposed Draft Revised Local Development Scheme (2013-16) be endorsed and published as a basis for the future production of the District's Local Plans.**
- 2. Delegated authority be granted to the Director of Economic Prosperity and Place to undertake any necessary formatting amendments to the Draft Revised Local Development Scheme prior to its publication.**

**11.1 (a) Community Infrastructure Levy**

**Decision: The progression of a Community Infrastructure Levy Charging Schedule be postponed and the position be reviewed again later in 2014.**

**(b) Wyre Forest Health Action Plan Update**

**Decision: The Wyre Forest Health Action Plan 2013/14, as attached at Appendix 2 to the report to the Overview and Scrutiny Committee, be approved.**

**Overview & Scrutiny Committee Work Programme 2013-2014**

**June 2013**

Performance Management Quarter 4 Update (including March and annual lagging measures)

Recommendations from the No Surprises Protocol Review Panel

Recommendations from the Housing Review Panel

**July 2013**

Development Plan Documents (DPDs)

Scrutiny Scoping Form – Parking Enforcement

Wyre Forest House – update on the savings achieved and other matters relating to the project

Nominations for the Treasury Management Review Panel

**September 2013**

Affordable Housing SPD

How Are We Doing? Performance Update (Q1)

Recommendations from Treasury Management Panel to approve the Treasury Management Strategy Backward Look 2012/13

West Midlands Safari and Leisure Park Planning Brief and Masterplan

**October 2013**

Health Action Plan update

Community Infrastructure Levy (CIL)

Revised Local Development Scheme (Project Plan) 2013 – 2016

NNDR Relief Policy

Internal Signage Proposals

Local Letting Plan for Bromsgrove Street Foyer

**November 2013**

Hereford and Worcester Fire and Rescue Authority – Draft Community Risk Management Plan 2014-2020

Recommendations from the Treasury Management Review Panel – approve the TMSS and Annual Investment Strategy Mid Yr Review Report 2013/14

**December 2013**

Annual Crime & Disorder Review

How Are We Doing? Performance Update (Q2)

Social Fund Update

Council Tax Localisation Update

SCA Proposed Levy on Large Retail Outlets

**January 2014**

Review of Planning Obligations SPD – Early Consultation

**February 2014**

How Are We Doing? Performance Update (Q3)

Recommendations from the Treasury Management Review Panel – approve the TMSS Report 2014/15

**June 2014**

How Are We Doing? Performance Update (Q4)