AGENDA MANAGEMENT SHEET

Name of Committee	**Community Safety Overview and Scrutiny Committee**
Date of Committee	**25 October 2005**
Report Title	**Fire and Rescue Revenue and Capital Budget Proposals 2006/07 to 2008/09**
Summary	The report details the Revenue and Capital Budget proposals for the Fire and Rescue Service.
For further information please contact	Helen Murphy Financial Services Manager Tel. 01926 466218 helenmurphy@warwickshire.gov.uk
Would the recommended decision be contrary to the Budget and Policy Framework?	~~Yes~~/No
Background Papers	[To be completed]

CONSULTATION ALREADY UNDERTAKEN:-   *Details to be specified*

Other Committees	☐	....
Local Member(s) (With brief comments, if appropriate)	☐	....
Other Elected Members	☒	Councillor John Haynes, Councillor David Shilton
Cabinet Member (Reports to The Cabinet, to be cleared with appropriate Cabinet Member)	☐	Councillor Richard Hobbs
Chief Executive	☐	....
Legal	☒	Jane Pollard
Finance	☒	Oliver Winters
Other Chief Officers	☐	....

District Councils	☐	....
Health Authority	☐	....
Police	☐	....
Other Bodies/Individuals	☐	....

FINAL DECISION ~~YES~~/NO

SUGGESTED NEXT STEPS :

Further consideration by this Committee	☐	....
To Council	☐	Council will approve the 2006/07 budget at its meeting in February 2006.
To Cabinet	☐	The views of this Overview and Scrutiny Committee on the budget proposals will be reported to Cabinet
To an O & S Committee	☐	....
To an Area Committee	☐	....
Further Consultation	☐	....

Community Safety Overview and Scrutiny Committee – 25 October 2005

Fire and Rescue Revenue and Capital Budget Proposals 2006/07 to 2008/09

Report of the County Fire Officer

Recommendation

That the Committee comments on the 2006/07 to 2008/09 revenue budget proposals and capital programme bids identified by the Fire and Rescue

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1.   Introduction and Background

1.1   Over recent years the budget process has developed to encourage wider consultation on, and consideration of, spending proposals and bids being made by services. Overview and Scrutiny Committees are one of the key players in this consultation.

1.2   One of the key roles of Overview and Scrutiny Committees is to assist Cabinet and the Council in the development of the budget and policy framework. As part of this process, departments are presenting information on their additional spending proposals for 2006/07 to 2008/09 for scrutiny and validation.   This year, for the first time, revenue budget proposals and capital programme bids are presented together in one report in order to promote a coordinated, whole-service approach to the consideration of departments' budget proposals.

1.3   Having considered the proposals from Chief Officers, Overview and Scrutiny Committees may wish to:-

(i)   Probe base budgets.

(ii)   Consider the reasonableness and validity of proposals put forward in light of the likely level of resources available, the corporate priorities as outlined in the corporate business plan, and the vision and service strategy.

(iii)   Explore whether all possible funding strategies have been investigated

(iv)   Comment on the prioritisation of proposals by Chief Officers

1.4   The revenue and capital budget bids outlined in this report have been compiled under the existing departmental structure. Once the details of any restructuring have been agreed the bids will be re-aligned to the new structure.

2.   Service Vision and Delivery Strategy

2.1   In 2006/07, the Service will continue to deliver the Governments challenging modernisation agenda outlined in the Fire and Rescue Services Act 2004. The Service has made considerable strides in delivering this agenda by restructuring to Area Risk Teams, which provide a string focus on intervention and prevention work within the communities of Warwickshire. They will continue to innovate in the delivery of prevention work, focussing on minimising risks to the most vulnerable areas of society.

2.2   The Integrated Risk Management Plan (IRMP) outlines how the Service will co-ordinate its activities to minimise risk to Warwickshire communities and deliver the efficiency gains required by Government in the medium to long term. The Service will continue to deliver the IRMP action plan agreed by members in consultation with the local community.

2.3   The Service will continue to work with its regional partners on the West Midlands Regional Management Board to deliver service strategies on a regional basis and to generate longer-term efficiency gains.

3.   Revenue Budget - Spending Proposals

3.1   Summary of Spending Proposals

3.1.1   A service analysis of the 2006/2007 Revenue Base Budget by is shown at **Appendix A**. This information is to help Members place the subsequent discussion in context. The Base Budget for the service is the approved cash allocation in 2005/2006 adjusted for any one-off funding. The remaining paragraphs in this section present the department's revenue spending proposals in addition to its Base Budget.

3.1.2   In July 2005 the County Treasurer issued initial guidance on the preparation of the 2006/2007 Budget. This required services to analyse their proposals between those that were explicitly covered within existing policies, and those that were not explicitly covered within existing policies. Table 1 summarises these for the Fire and Rescue Service in priority order. As the table shows the service has additional spending proposals of £818,000 for £2006/07, £1,619,000 for 2007/08, and £2,378,000 for 2008/09.

Table 1: Revenue Budget Proposals		Net Expenditure		
		2006/07	2007/08	2008/09
		£000	£000	£000
Proposals covered explicitly by existing policies				
Bid Ref.	Bid Title			
R-A-FR-01	Inflation	699	1,400	2,126
R-A-FR-02	Fire Appliances: Leasing / Prudential Borrowing Revenue Consequences	96	189	229
R-A-FR-03	Replace Command and Control Servers	10	0	0
R-A-FR-04	Air Conditioning Equipment Store Room	5	0	0
R-A-FR-05	Replace Public Switched Telephone Modem	13	0	0
R-A-FR-06	Running Costs of New Dimensions Equipment	30	31	31
R-A-FR-07	Replace Pagers	6	0	0
Sub-total		**859**	**1,619**	**2,386**
Proposals not covered explicitly by existing policies				
Bid Ref.	Bid Title			
R-B-FR-01	Replace Hubs with Switches	15	0	0
R-B-FR-02	Replacement Mobilising PC's and Printers x 20	0	48	0
Sub-total		15	48	0
Additional Spending Proposals		**874**	**1,667**	**2,386**

3.1.3   Appendices B and C provide further details regarding the proposals outlined in the above table. Furthermore departments were required to produce detailed individual bids for those proposals not covered explicitly by existing policies. These detailed bids are available on request to members should they require more information.

3.1.4   The figures for all three years in Table 1 represent the total increases in resources required from the 2005/06 base budget.   For instance, the figures in the 2008/09 column represent the total increases in resources required from the 2005/06 base budget rather than the increases in resources required from the previous year, 2007/08.

3.2   Proposals <u>covered explicitly</u> by existing policies

3.2.1   **Fire Appliances: Leasing / Prudential Borrowing Revenue Consequences**. The Service requires its fleet of fire appliances to enable it to discharge its duties under the Fire and Rescue Services Act 2004. The Appliances are either leased or purchased outright through Prudential borrowing, depending on which option offers the best value for money (both options have a similar impact on revenue). This pressure is an inflationary pressure which arises because many of our appliances are leased over a 12 year life, during which time the repayments are fixed. When their replacement is due, the price of vehicles has often risen by about twice the rate of general inflation, causing a funding gap when the new leases/loans are negotiated. This funding is required to cover the increase in

the price of leasing/purchasing through borrowing the appliances and vehicles whose leases expire in 2006/07

3.2.2 **Replace Command and Control Servers**. The existing command and control server hardware is 8 years old and the maintenance company has indicated that the hardware is no longer maintainable and could therefore fail permanently. The risk of a complete failure of the system is now considered to be so high that replacement of the system is now considered to be essential.

3.2.3 **Provide Replacement Air Conditioning within the Equipment Store Room**. This bid is to provide replacement air conditioning plant in the equipment room which houses the servers that run the mobilising system. During the summer of 2005 there were repeated failures of the existing air conditioning units and subsequent high temperatures nearly reached a level at which they would cause a failure of the mobilising system. There is a serious risk that high temperatures, coupled with another failure of the air conditioning system could cause a failure in future periods of high summer temperatures.

3.2.4 **Replace Public Switched Telephone Modem**. The existing modems are 7 or more years old and they have started to fail periodically, and are becoming increasingly difficult to maintain due to their age. The risk that they will fail completely has risen to intolerable levels. Their use has already been extended in order to save money, but due to the level of risk, the Service is unable to continue their use for another year. The modems are used to mobilise fire appliances and therefore they are critical to our Service.

3.2.5 **Running Costs of the New Dimensions Vehicles.** As part of the ODPM's modernisation agenda and New Dimensions programme, the Service has had to take on additional vehicles. The High Volume Pump and Prime Mover for the Mass Decontamination Disrobe Pod were received in 2005/6 and will enable the Service to respond to civil emergencies. These vehicles are added to the operational fleet with no additional resources made available from the ODPM. The vehicles require separate insurance arrangements and have heavy fuel consumption rates. The bid is to cover these costs.

3.2.6 **Replacement Pagers.** The current pagers have come to an end of their useful lives and therefore a replacement is required. Pagers are critical for contacting officers on duty for operational needs. We can't use mobile phones for this purpose because the mobile network is more likely to be congested or down and therefore the mobile system does not offer us enough resilience. It is very rare for the pager system to fail.

3.3 Proposals not covered explicitly by existing policies

3.3.1 **Replace Hubs with Switches**. The current hubs are out of life (6 yrs or more). CAMS have recommended that we move to switches which provide for pro-active maintenance and more efficient use of the network.

3.3.2 **Replacement Mobilising PC's and Printers x 20.** The mobilising printers and PC's are replaced every three years. They are permanently switched on and

are based in a harsh environment on the fire stations, therefore they are replaced more regularly than an office PC or printer. The printers and PC's are used to receive and print off mobilising information which the firefighters require when called out to an incident, therefore they are essential to the running of the Fire and Rescue service.

4   Capital Programme – Development Proposals

4.1   Summary of Capital Programme Development Proposals

4.1.1   In July 2005 the County Treasurer issued initial guidance on the preparation of capital development bids for 2006/2007 to 2008/2009. This required services to complete a detailed capital development appraisal form for each bid and to place the proposals in priority order. Table 2 lists the bids for the Fire and Rescue. A copy of all the bids for the Fire and Rescue is included, in priority order, in this report.

Table 2: 2006/07 to 2009/10 Capital Development Proposals		Net Expenditure			
		2006/07	2007/08	2008/09	Future Years
Bid Ref.	Bid Title	£000	£000	£000	£000
FR-01	New and Replacement Equipment for Fire Appliances	137	140	144	0
FR-06	Incident Command and Control System – Replacement of software and hardware	55	0	0	0
FR-04	Provision of Interception areas for Diesel Tanks	25	0	0	0
FR-03	Female Changing Facilities	100	0	0	0
FR-02	Replace Fire Station Appliance Bay Doors	40	0	0	0
FR-05	Replacement Fire Safety Management Information System	65	0	0	0
Total		422	140	144	0

4.1.2   The equipment for fire appliances funding is required because the Service operates a rolling programme for equipment replacement on both existing and new vehicles. To ensure an efficient emergency response Service, vehicles must be furnished with the necessary equipment to allow fire-fighters to respond to emergency incidents.

4.1.3   Incident command and control system – this bid is to replace essential hardware and software systems within the Fire Control Unit which have reached the end of their useful lives. These systems are primarily used to mobilise appliances to emergency incidents. Without these systems the Service would be unable to maintain an effective emergency response to incidents.

4.1.4   Provision of interception areas for diesel tanks. The Service has five tanks containing diesel located around the county. This diesel is stored for the use in fire appliances and they have been in existence for some 20 years. At present the tanks do not meet the current requirements of environmental standards and are now in need of essential improvements. The Service needs to provide

Warwickshire County Council

adequate interception areas in order to avoid pollution to the watercourse. The Service could face a substantial fine if such pollution occurred. The diesel tanks are regularly used to re-fuel fire appliances, and also act as an emergency fuel reserve. Fuel supplied for the diesel tanks is around 20% cheaper than that purchased from a petrol station, and therefore their use generates substantial savings for the Service.

4.1.5   Female changing facilities. As part of the efforts to ensure equality and fairness within the Fire Service we now have growing numbers of female firefighters. Many of our fire stations lacked suitable facilities to accommodate female firefighters and we have had a rolling programme to update our facilities on our stations. In addition, fire stations are increasingly used for community fire safety initiatives and as a wider community resource and therefore we need to improve facilities for members of the public. This bid will enable us to finish the programme by improving facilities at the last two outstanding fire stations – Kenilworth and Studley.

4.1.6   Fire station appliance bay doors. This bid will enable the Service to complete a rolling replacement programme of appliance bay doors. The existing doors are heavy wooden concertina style doors which must be pushed open manually. Health and Safety issues have been identified with regard to personnel opening these heavy doors manually. In addition, as they need to be opened before a fire appliance can leave to attend an emergency incident, the time take to open the doors can lead to delays in attending incidents. We therefore wish to replace the doors with modern electronically operated roller style doors.

4.1.7   The replacement Fire Safety Management Information System (FSMIS) is required to enable risk based inspections to be recorded and prioritised, following the introduction of the Regulatory Reform (Fire Safety) Order 2006. The provision of a new FSMIS will enable the Service to implement a risk based inspection programme, which will support the area risk teams. The new FMIS will be capable of monitoring not only legislative Fire Safety inspections based on risk, but also locally devised Community Fire Safety initiatives.

4.2   Revenue Implication of Proposed Capital Developments

4.2.1   The majority of the capital development proposals identified have cost implications for the revenue budget either in terms of the capital financing charges or the subsequent running/maintenance costs if all of the bids proposed were approved. Table 3 below summarises the revenue implications. These are in addition to the revenue spending pressures shown in table 1.

Table 3: Revenue implications of Proposed Capital Developments				
	2006/2007 £000	2007/2008 £000	2008/2009 £000	Future Years £000
Capital Financing Costs	11	60	78	92
Running Costs		13	13	13
Total	**11**	**73**	**91**	**105**

William Brown
County Fire Officer
Service Headquarters
Leamington Spa
04 October 2005

Warwickshire
County Council

Fire & Rescue Service

2006/2007 Revenue Estimates - Service Analysis

	Direct Costs A £000	Management and Support Costs B £000	Total Costs A+B=C £000	External Income D £000	Internal Income E £000	Total Income D+E=F £000	2006/2007 Base Budget C+F=G £000
Fire Stations	9,875	4,518	**14,393**	225		**225**	**14,168**
Pensions Costs	4,972	0	**4,972**	959		**959**	**4,013**
Fire Safety	716	368	**1,084**	17		**17**	**1,067**
Water	139	53	**192**	6		**6**	**185**
Communications & Fire Control	1,171	315	**1,486**	167		**167**	**1,319**
2006/2007 Base Budget	**16,873**	**5,253**	**22,126**	**1,374**	**0**	**1,374**	**20,752**

2006/2007 Revenue Budget Pressures - Proposals <u>Covered</u> Explicitly by Existing Policies

Bid Ref. (A)	Bid Title (B)	Impact on Net Expenditure			Type of Pressure (D)	Description and Justification of Bid (E)	Consequences if Bid Funding is not/only Partially Received (F)	Which Corporate Strategic Objective(s) does this proposal promote (see key) (G)
		2006/2007 (Ci) £000	2007/2008 (Cii) £000	2008/2009 (Ciii) £000				
R-A-FR-01	Inflation	699	1,400	2,126	Inflation	Additional funding required to cover the increase in pay and prices from 2005/06 to 2006/07. This funding is required as a permanent increase to our base budget.	The Services Budget will be seriously under funded, and a cut in front line services would be required to prevent an overspend in the year. Any cut in our services would have a serious impact on the safety of the public within Warwickshire. As these inflationary cost increases are out of the Services control, partial funding would be inappropriate.	4
R-A-FR-02	Fire Appliances: Leasing / Prudential Borrowing Revenue Consequences	96	189	229	Unavoidable costs due to inflation	The Service requires its fleet of fire appliances to enable it to discharge its duties under the Fire and Rescue Services Act 2004. The Appliances are either leased or purchased outright through Prudential borrowing, depending on which option offers the best value for money. They have a life of around 12 years. This pressure is an inflationary pressure which arises because many of our appliances are leased over a 12 year life, during which time the repayments are fixed. When their replacement is due, the price of vehicles has often risen by about twice the rate of general inflation, causing a funding gap when the new leases/loans are negotiated. This funding is required to cover the increase in the price of leasing/purchasing through borrowing the appliances and vehicles whose leases expire in 2006/07.	If the bid was not funded or only partially funded the Service would have to redirect resources from other important front line services to fund the replacement vehicles, or risk an overspend at the year end. A reliable, modern fleet of appliances is essential to providing a high quality, responsive Fire and Rescue Service within Warwickshire.	4

Bid Ref. (A)	Bid Title (B)	Impact on Net Expenditure			Type of Pressure (D)	Description and Justification of Bid (E)	Consequences if Bid Funding is not/only Partially Received (F)	Which Corporate Strategic Objective(s) does this proposal promote (see key) (G)
		2006/2007 (Ci) £000	2007/2008 (Cii) £000	2008/2009 (Ciii) £000				
R-A-FR-03	Replace Command and Control Servers	10	0	0	Unavoidable increase in costs	The existing command and control server hardware is 8 years old and the maintenance company has indicated that the hardware is no longer maintainable and could therefore fail permanently. The risk of a complete failure of the system is now considered to be so high that replacement of the system is now considered to be essential. The Services budget does not include any funding for the lifecycle replacement of revenue equipment, although it does include funding for maintenance costs of existing revenue equipment. This funding is required as a one off increase to our budget in 2006/07 only.	Replacement is now considered essential, so if funding was not received, resources would have to be diverted from other front line services and the quality of or Service would be reduced. If the system was to fail the Service would be unable to meet the requirements of the "Fire and Rescue Services Act 2004" and the County Council's objective to "Reduce Crime and Improve the Safety of the Community".	4
R-A-FR-04	Air Conditioning Equipment Store Room	5	0	0	Unavoidable increase in costs	To provide replacement air conditioning plant in the equipment room which houses the servers that run the mobilising system. During the summer of 2005 there were repeated failures of the existing air conditioning units and subsequent high temperatures nearly reached a level at which they would cause a failure of the mobilising system. There is a serious risk that high temperatures, coupled with another failure of the air conditioning system could cause a failure in future periods of high summer temperatures. The Services budget does not include any funding for the lifecycle replacement of revenue equipment, although it does include funding for maintenance costs of existing revenue equipment. This funding is required as a one off increase to our budget in 2006/07 only.	A failure of the mobilising system would result in substantial delays in the attendance of fire crews at emergency incidents. It is essential that this system is replaced, and therefore resources would have to be redirected from other vital front line services if funding was not received, or only partially received.	4

Bid Ref. (A)	Bid Title (B)	Impact on Net Expenditure			Type of Pressure (D)	Description and Justification of Bid (E)	Consequences if Bid Funding is not/only Partially Received (F)	Which Corporate Strategic Objective(s) does this proposal promote (see key) (G)
		2006/2007 (Ci) £000	2007/2008 (Cii) £000	2008/2009 (Ciii) £000				
R-A-FR-05	Replace Public Switched Telephone Modem	13	0	0	Unavoidable increase in costs	The existing modems are 7 or more years old and they have started to fail periodically, and are becoming increasingly difficult to maintain due to their age. The risk that they will fail completely has risen to intolerable levels. Their use has already been extended in order to save money, but due to the level of risk, the Service is unable to continue their use for another year. The modems are used to mobilise fire appliances and therefore they are critical to our Service. The Services budget does not include any funding for the lifecycle replacement of revenue equipment, although it does include funding for maintenance costs of existing revenue equipment. This funding is required as a one off increase to our budget in 2006/07 only.	If the bid is not funded and the modems are not replaced we may find ourselves unable to mobilise appliances. It is therefore essential that this system is replaced, and resources would have to be redirected from other vital front line services if funding was not received, or only partially received.	4
R-A-FR-06	Running Costs of the High Volume Pump and Mass Decontamination Disrobe Pod (a prime mover and a pod)	30	31	31	Unavoidable increase in costs	As part of the ODPM's modernisation agenda and New Dimensions project, the Service has had to take on additional vehicles - the High Volume Pump and Prime Mover for the Mass Decontamination Disrobe Pod were received in 2005/6 and will enable the Service to respond to civil emergencies. The running costs of these vehicles are prohibitive and cannot be accommodated from within existing budgets. No additional resources have been funded by the ODPM.	The vehicles would spend large periods of time off the road preventing the Service and Warwickshire citizens getting benefit from its use. Running the vehicle is a government requirement - if funding is not received resources will need to be re-directed from other important front-line services.	4
R-A-FR-07	Replace Pagers	6	0	0	Unavoidable increase in costs	The current pagers have come to an end of their useful lives and therefore a replacement is required. The Services budget does not include any funding for the lifecycle replacement of revenue equipment, although it does include funding for maintenance costs of existing revenue equipment. This funding is required as a one off increase to our budget in 2006/07 only.	Pagers are critical for contacting officers on duty for operational needs. We can't use mobile phones for this purpose because the mobile network is more likely to be congested or down and therefore the mobile system does not offer us enough resilience. It is very rare for the pager system to fail. If the bid funding is not received the Service will have to use mobile phones and there will be a risk that the Service will not be able to mobilise officers to incidents.	4

Bid Ref.	Bid Title	Impact on Net Expenditure			Type of Pressure	Description and Justification of Bid	Consequences if Bid Funding is not/only Partially Received	Which Corporate Strategic Objective(s) does this proposal promote (see key)
		2006/2007	2007/2008	2008/2009				
(A)	(B)	(Ci) £000	(Cii) £000	(Ciii) £000	(D)	(E)	(F)	(G)
Total		859	1,619	2,386				

Key: Corporate Objectives

1 Promote Lifelong Learning and Personal Development
2 Promote the Health and Social Care of our Citizens
3 Improve the Environment
4 Reduce Crime and Improve the Safety of the Community
5 Develop and Maintain a Vibrant Local Economy which Promotes Employment and Prosperity for all
6 Ensure Sound Governance of the County Council to Provide Accessible Responsive and Well-Managed Services.

Fire & Rescue Service

APPENDIX C

2006/2007 Revenue Budget Pressures - Proposals Not Covered Explicitly by Existing Policies

Bid Ref. (A)	Bid Title (B)	Impact on Net Expenditure			Proposal Type (D)	Bid Justification (see Bid Appraisal Form itself for further details) (E)	Which Corporate Strategic Objective(s) does this proposal promote (see key) (F)
		2006/2007 (Ci) £000	2007/2008 (Cii) £000	2008/2009 (Ciii) £000			
R-B-FR-01	Replace Hubs with Switches	15	0	0		The current hubs are out of life (6 yrs or more). CAMS have recommended that we move to switches which provide for pro-active maintenance and more efficient use of the network. The Services budget does not include any funding for the lifecycle replacement of revenue equipment, although it does include funding for maintenance costs of existing revenue equipment. This funding is required as a one off increase to our budget in 2006/07 only.	4
R-B-FR-02	Replacement Mobilising PC's and Printers x 20	0	48	0		The mobilising printers and PC's are replaced every three years. They are permanently switched on and are based in a harsh environment on the fire stations, therefore they are replaced more regularly than an office PC or printer. The Services budget does not include any funding for the lifecycle replacement of revenue equipment, although it does include funding for maintenance costs of existing revenue equipment. This funding is required as a one off increase to our budget in 2007/08 only.	4
Total		**15**	**48**	**0**			

Key: Corporate Objectives
1 Promote Lifelong Learning and Personal Development
2 Promote the Health and Social Care of our Citizens
3 Improve the Environment
4 Reduce Crime and Improve the Safety of the Community
5 Develop and Maintain a Vibrant Local Economy which Promotes Employment and Prosperity for all
6 Ensure Sound Governance of the County Council to Provide Accessible Responsive and Well-Managed Services.