



HUMBERSIDE  
Fire Authority

Fire & Rescue Service Headquarters Summergroves Way Kingston upon Hull HU4 7BB

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To: Members of the Governance, Audit and Scrutiny Committee	<b>Enquiries to:</b> Rob Close <b>Email:</b> <a href="mailto:committeemanager@humbersidefire.gov.uk">committeemanager@humbersidefire.gov.uk</a> <b>Tel. Direct:</b> (01482) 393899 <b>Date:</b> 6 March 2026
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Dear Member

I hereby give notice that a meeting of the **GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE** of Humberside Fire Authority will be held on **MONDAY 16 MARCH 2026 AT 10.00AM** at HUMBERSIDE FIRE & RESCUE SERVICE HEADQUARTERS, SUMMERGROVES WAY, KINGSTON UPON HULL, HU4 7BB.

The business to be transacted is set out below.

**Please note: On the rising of the meeting a workshop will follow for Members to determine its scrutiny programme for 2026/27.**

Yours sincerely

**for Lisa Nicholson**  
**Monitoring Officer & Secretary to Fire Authority**

## **A G E N D A**

<b>Business</b>	<b>Page Number</b>	<b>Lead</b>	<b>Primary Action Requested</b>
1. Apologies for absence	-	Monitoring Officer/ Secretary	To record
2. Declarations of Interest (Members and Officers)	-	Monitoring Officer/ Secretary	To declare and withdraw if pecuniary
3. Minutes of the meeting of 9 February 2026	(pages 3 - 9)	Chair	To approve
4. Internal Audit Reports	(pages 10 - 17)	Internal Audit (TIAA)	To consider and make any recommendations to the HFA
5. Internal Audit Plan 2026/27	(pages 18 - 31)	Internal Audit (TIAA)	To consider and make any recommendations to the HFA
6. Treasury Management and Capital Expenditure Strategy 2025/26	(pages 32 - 70)	Joint Deputy Chief Finance Officer / Deputy Section 151 Officer	To consider and make any recommendations to the HFA
7. Strategic Risk Update	Verbal	Head of Corporate Assurance	To receive

<b>Business</b>	<b>Page Number</b>	<b>Lead</b>	<b>Primary Action Requested</b>
8. Scrutiny Item: Equality, Diversity and Inclusion	(pages 71 - 77)	Head of Organisational Development	To consider and make any recommendations to the HFA
9. Scrutiny Item: Grenfell Tower Inquiry Phase 2 Report	(pages 78 - 82)	District Manager – East Riding	To consider and make any recommendations to the HFA

**HUMBERSIDE FIRE AUTHORITY**  
**GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE**

**9 FEBRUARY 2026**

**PRESENT:** Independent Co-opted Members Chris Brown (Chair), Melissa Dearey, and Gerry Wareham.

**Officers Present:** Matt Sutcliffe – Assistant Chief Fire Officer, Antoinette Diovisalvi – Joint Deputy Chief Finance Officer/Deputy S.151 Officer, Richard Gibson – Area Manager of Services Improvement, Jason Kirby – Area Manager of People and Culture, Dan Meeke – Area Manager of Public Safety and Resilience, Mike Anthony – Head of Organisational Development, Shaun Edwards – Head of Finance, Jamie Morris – Head of Corporate Assurance, Gareth Naidoo – Senior Corporate Assurance Officer, David Robinson – Internal Audit (TIAA), Lisa Nicolson – Monitoring Officer/Secretary, and Rob Close – Committee Manager.

Nigel Saxby (GAS Committee Member) and Rejoice Mapeto (Forvis Mazars) were in remote attendance.

The meeting was held at the Humberside Fire and Rescue Service Headquarters, Kingston upon Hull.

**01/26 APOLOGIES FOR ABSENCE** – Apologies for absence were received from Nigel Saxby and Karen Cowan. With the Chair’s permission, Nigel Saxby was invited to contribute to the meeting remotely

**02/26 DECLARATIONS OF INTEREST** – No declarations of interest were made with respect to any items on the agenda.

**03/26 MINUTES** – The Committee reviewed the previous set of minutes for accuracy.

In relation to minute 29/25, the Committee asked how the payroll services had progressed since contract expiry in December 2025. It was explained that a procurement exercise was currently underway for a payroll service.

In relation to minute 33/25, the Committee asked whether the recruitment campaign had proceeded. It was explained that recruitment had been paused for a period of three months to allow time to consider wider organisational actions, undertake equality, diversity and inclusion activity, and await confirmation of the Service’s funding settlement.

In relation to minute 36/25, the Committee asked when the proposed Member development session would take place on the Committee scrutiny function. It was explained that this would form part of the programme at the start of the 2026/27 municipal year. Members indicated that they would welcome advance notice of the session.

In relation to minute 36/25, the Committee asked when Members would be invited to the next multi-agency debrief. It was explained that Members would be invited when the next debrief took place.

**Resolved** – That the minutes of the meeting held on 10 November 2025 be approved as a correct record, subject to the following amendment:

Minute 38/25 be amended to read, “From a Service perspective, the report *made* several positive...”.

**04/26 INTERNAL AUDIT REPORTS** – The Committee received reports from TIAA, the Authority’s internal auditors, outlining internal audit activity since the previous meeting. It was confirmed that there were no proposed changes to the Internal Audit Plan and there were no instances of fraud reported. Along with the Mid-Year Follow-Up Report, three other audit reports were submitted; Confidence in Using Staff Feedback Mechanisms; Monitoring of Working Hours; and Joint Estates.

Confidence in Using Staff Feedback Mechanisms – Reasonable assurance was provided, with two important recommendations, both of which had been accepted. The robustness of the staff survey evidence was challenged, with assurance sought on the response rate. It was explained that this represented the highest response rate achieved to date, at just over 60 per cent, and that findings had been strengthened through follow-up focus groups, resulting in a robust evidence base.

Monitoring of Working Hours – No assurance was provided, with six urgent recommendations and six important recommendations, all of which had been accepted. The Committee expressed concern given that no assurance had been provided and sought reassurance that risks were now being effectively managed. It was explained that, since the issues had been identified, a range of mitigating actions had been implemented, including training for staff and managers, updated guidance documents, clearer routes for accessing support, and specific guidance relating to fatigue. The Committee further challenged whether there was a formal mechanism for recording and monitoring working hours. It was explained that a system was in place which produced monthly reports, identified concerns, and set out actions where required.

Clarification was sought on whether work with Fire Watch (the HR system) had delivered the intended outcomes. It was explained that further enhancements to the system were still ongoing. Further challenge explored whether alternative solutions were available should progress not be achieved. It was explained that alternative options, including the use of an internal database, were being considered as a contingency.

The Committee challenged the appropriateness of the target dates challenged the appropriateness of the target dates extending to December 2026 for meeting the recommendations. Members were reassured that these had now been brought forward to the end of March 2026. Given the rating of no assurance, the Committee emphasised the importance of continued oversight of the subject and requested a six-month progress update.

Joint Estates – Limited assurance was provided, with six urgent recommendations and three important recommendations, all of which had been accepted. It was explained that a significant proportion of the mitigation depended on a joint agreement which had not yet been finalised, and that this was linked to work being undertaken by external consultants from a capital perspective. Given the limited assurance rating the Committee requested a six-month progress update to seek assurance all actions have either been completed or were on track.

The Mid-Year Follow-Up Report provided a snapshot of progress made against previous audit recommendations as of September 2025. Owing to extenuating circumstances it was not possible for Internal Audit to submit this report to the November 2025 Committee meeting and therefore it was acknowledged that progress and management comments was now dated. Members were assured that progress had been made and that some recommendation had now been completed. Members would be provided with a more up to date picture of progress at its July 2026 meeting when receiving the Year-End report.

**Resolved** – (a) That the internal audits be received, and

(b) That the progress reports against Monitoring of Working Hours and Joint Estates audit recommendations be provided to the Committee in six months' time.

**05/26 FINANCE AND PROCUREMENT UPDATE 2025/26 FOR THE PERIOD ENDING 31 DECEMBER 2025** – The Committee received a report of the Joint Deputy Chief Finance Officer/Deputy Section 151 Officer detailing the current financial position based on information to 31 December 2025. The Committee was advised the overall revenue position had a modest overspend of £34,000. The capital programme showed expenditure of £8.437 million against an allocation of £8.156 million.

The Committee sought clarification on whether underspends on pay should be interpreted positively. It was explained that the Service's current preference was to flag overspends as red, but that this approach would be reviewed. A request was made for future financial reports to more clearly highlight new or emerging updates. Officers committed to move towards reporting by exception where appropriate.

Further clarification was requested regarding pension opt-outs, including whether the implications for staff were being clearly communicated. It was explained that opting out was a personal choice which the organisation could not control, but that staff were provided with information and guidance, including in relation to ill-health retirement.

Procurement of a new financial management system was discussed, with full implementation now being pushed back to April 2028.

**Resolved** – That future report narrative be reported by exception or highlight changes since the previous quarter report.

**Recommended to Fire Authority** – That the Authority takes assurance of its financial position for the period ending 31 December 2025.

**06/26 REVIEW OF ANTI-FRAUD RELATED POLICIES** – The Committee received a report of the Area Manager of Service Improvement, detailing the Service's anti-fraud related policies, including the Anti-Fraud and Corruption Policy, Whistleblowing Policy, Professional Standards Anti-Fraud and Corruption Policy and Professional Standards.

Clarification was sought on the timescale for the consolidation of the anti-fraud related policies into one policy statement. It was envisaged that this work would be completed during the next financial year.

The Committee suggested external anonymous reporting routes, including Crimestoppers, HMRC anonymous reporting and Action Fraud, should be more explicitly referenced within the policies to strengthen staff assurance and confidence in reporting concerns safely.

Clarification was sought on whether incidents of personal fraud disclosed by staff were monitored through organisational arrangements. It was explained that multiple reporting and monitoring channels existed within the policies and the wider suite of related policies.

The Committee referenced the Economic Crime and Corporate Transparency Act 2023 and the use of the term "associated persons" under the Bribery Act 2010 which includes employees, agents and any person performing services for or on behalf of the organisation. It was questioned whether this terminology should be reflected within the policy framework.

It was also suggested that employees should also be encouraged to report none-work related instances of fraud. The Committee was reminded that the Core Code of Ethics that all employees were expected to abide by extended to personal as well as professional affairs. There were also a number of different support routes available to staff to raised concerns, in

particular through the external Fire and Rescue Speak Up service powered by Crime Stoppers.

Clarification was sought on how the effectiveness of the anti-fraud arrangements was monitored in practice. It was explained that the Chair would be informed of any instances of fraud, providing oversight at Committee level.

**Recommended** – That the term “associated persons” under the Bribery Act 2010 be considered including in the relevant anti-fraud related policy.

**Recommended to Fire Authority** – That the Authority takes assurance from the review process undertaken for each anti-fraud related policy.

**07/26 AMENDMENT TO THE CONSTITUTION – PART 2, ARTICLE 2 – MEMBERS OF THE HUMBERSIDE FIRE AUTHORITY** – The Committee received a report from the Monitoring Officer, outlining a proposed change to the Constitution. At its meeting on 28 November 2025, the Humberside Fire Authority (HFA) resolved that Committee should review a proposed amendment to the Constitution concerning the terms of office for Members.

The proposed amendment introduced a new clause to Article 2, specifying that a Member ceases to hold office on HFA, and any entitlement to allowances, immediately upon changing political allegiance. This change was intended to maintain political proportionality and prevent public funds from being paid to individuals who no longer represent the electorate under which they were appointed to HFA.

Membership of fire authorities was based on political proportionality, which reflected the composition of political parties within the appointing constituent authorities. When considering constitutional provisions related to political allegiance, it was essential to distinguish between registered political parties and internal sub-groups or factions within those parties. Political allegiance referred to membership of a registered political party under the Political Parties, Elections and Referendums Act 2000. These parties were recognised for the purposes of proportionality calculations under the Local Government and Housing Act 1989.

Within these main parties, there were informal or organised sub-groups/factions that represent different ideological positions or policy priorities. For the purposes of HFA Constitution, political allegiance refers to membership of a registered political party, or as an independent. Internal factions, sub-groups, or associations within a political party do not constitute a change of political allegiance.

The proposed amendment was driven by the need to uphold financial accountability and democratic integrity within HFA. Membership of the Authority was based on political proportionality, reflecting the composition of political parties within the appointing local authorities. When a Member changes political allegiance, they no longer represent the electorate under which they were appointed to HFA. Continuing to pay allowances in such circumstances would result in public funds being allocated to an individual who no longer fulfils their representative role. By requiring that allowances cease immediately upon a change of political allegiance, HFA ensures that taxpayer money is spent appropriately, aligns with statutory governance principles, and maintains transparency and value for money in the use of public resources.

**Recommended to Fire Authority** – That the Authority approves the proposed amendment to Part 2, Article 2 of the Constitution.

**08/26 SCRUTINY ITEM: MANCHESTER ARENA INQUIRY** – The Committee received a report of the Head of Emergency Preparedness, which detailed the Services response to the Manchester Arena Inquiry, including the national response to its findings and the relevance for Humberside Fire and Rescue Service in terms of emergency preparedness, multi-agency

working and public assurance. It was explained that the Service had reviewed in full the recommendations arising from Volume 2 of the Inquiry, including the twenty-two principal recommendations and the associated agency-specific recommendations, to assess their relevance to the Service's statutory duties, operational responsibilities and governance arrangements. Members were advised that the Inquiry recommendations had been incorporated into the Service's Strategic Improvement Plan, with key themes identified and translated into defined workstreams to ensure that learning was embedded in a structured and auditable way. It was noted that, although a number of recommendations were directed at specific organisations, the Service had considered operational parallels within its own arrangements. This approach ensured that relevant learning was applied proportionately and consistently, strengthening multi-agency interoperability and operational readiness.

The programme of improvements was highlighted to the Committee delivered in response to the Inquiry, including enhancements to command, control, communication and coordination arrangements, alongside improvements in training, exercising and assurance processes, all aligned with national guidance and inspection expectations. Members were advised that progress against the Inquiry-related actions was subject to ongoing governance and oversight through established performance management and assurance frameworks, ensuring that improvements were sustained and reviewed as part of business-as-usual arrangements. Assurance was provided that the actions taken demonstrated a clear commitment to learning from the Manchester Arena Inquiry, strengthening preparedness and resilience, and maintaining a strong focus on public safety, effective partnership working and continuous improvement.

- **Joint Emergency Services Interoperability Principles** - Clarification was sought on the application of Joint Emergency Services Interoperability Principles (JESIP) arrangements in relation to the Connection Live arena in Hull or other high football venues. It was explained that JESIP principles were applied across all high-football venues in partnership with Humberside Police, and that a specific exercise was due to be undertaken in relation to Connection Live to test multi-agency interoperability.
- **Decision-Making Models** - Challenge was raised regarding whether learning from the Covid Inquiry, particularly around decision-making, had prompted consideration of alternative decision-making models. It was explained that JESIP had been adopted to ensure consistent decision-making across emergency services, but that work was also underway through the Local Resilience Forum to promote a systems-based approach. This was intended to avoid rigidity and enable more effective joint working with partner agencies that might operate different decision-making models.

**Recommended to Fire Authority** – (a) That the Authority be assured that the Service has addressed all areas identified as shortcomings within the Manchester Arena Inquiry report and implemented robust measures to prevent any recurrence of the issues identified.

(b) That the Authority be assured that appropriate processes are in place to maintain Joint Emergency Services Interoperability Principles command principles and the multi-agency exercise programme as part of business-as-usual arrangements.

(c) That the Authority be assured of the Service's ability to monitor National Fire Chiefs Council updates and to integrate future national guidance, ensuring that front-line firefighters are provided with the guidance required to support effective operational delivery.

**09/26 SCRUTINY ITEM: PERFORMANCE DEVELOPMENT REVIEWS** – The Committee received a report of the Head of Workforce Development and Culture, which detailed the purpose of the PDR process in supporting individual performance, wellbeing and development, and in ensuring that individual objectives were aligned with the Service's strategic priorities. It was explained that the PDR framework provided a structured and consistent approach for reviewing performance, setting objectives and identifying development needs, and that it formed a key part of the Service's wider people management and assurance arrangements. Members were advised of the current level of PDR completion across the Service and how this was monitored. The presentation highlighted the role of managers in ensuring reviews were completed in a timely and meaningful way, and how oversight arrangements were used to track progress and address gaps.

It was noted that the PDR process supported fairness, consistency and equality, with guidance in place for managers to promote high-quality discussions and ensure that reviews were conducted in line with policy and organisational values. Challenges affecting completion rates were acknowledged, including operational demands and capacity pressures, and outlined the actions being taken to improve consistency and timeliness. These included clearer expectations for managers, reminder processes and escalation where reviews were overdue. The Committee was advised that learning and development needs identified through the PDR process were used to inform training plans and workforce development activity, supporting continuous improvement and capability across the Service. The PDR process remained a central mechanism for performance management, staff engagement and development, and that continued focus was being applied to improving completion rates, the quality of reviews and alignment with organisational objectives.

**360-Degree Feedback and Integration with PDRs** - Clarification was sought on how 360-degree feedback currently operated and how outsourcing the process would work in practice. It was explained that the process had previously been delivered through the T2 Leadership provider, that relied heavily on internal manual input and administration, with limited ability to benchmark outcomes across the sector. A new provider was in the process of being appointed to make the process more efficient and relieve the administrative burden of managing this process. It was explained that the feedback would be linked more closely to the PDR process, enabling individuals to receive structured feedback on leadership behaviours and interpersonal relationships.

- **Health and Safety Training Courses** - Clarification was sought on why a high proportion of Health and Safety course requests, particularly IOSH courses, were being declined. It was explained that IOSH qualifications were a requirement for Crew Managers, but that refresher courses were not always necessary for revalidation. It was also noted that there were cost implications and that course approval was role-specific.
- **Initial Course Requests and Role Relevance** - Further concern was raised regarding the number of initial course requests being declined. It was explained that this was often due to individuals requesting courses that were not relevant to their current role, highlighting a need to improve the quality and clarity of PDR discussions. Members indicated that expectations around development and training requirements needed to be communicated more clearly through the PDR process.
- **Management Accountability** - Clarification was sought on whether staff felt that issues and actions escalated through the PDR process were reported back to them. It was explained that the Service was at an early stage of refreshing the process and that a key focus was ensuring that actions identified were followed through. Members emphasised the importance of accountability and consequences for managers where agreed actions were not delivered. It was

explained that staff would be given greater autonomy and confidence to challenge progression where concerns existed, and that the introduction of the new Quality Assurance Manager would play a key role in ensuring consistency across the process.

- **Consistency and Decision-Making on Course Approvals** - It was noted positively that there appeared to be consistency in the types of training requests being declined. However, concern was raised regarding the lack of clear rationale recorded where requests were not approved. It was explained that the aim was to achieve 100 per cent completion of decisions with an accompanying rationale.
- **Expectations Around Mandatory Training** - Clarification was sought on when many staff should be expected to undertake certain courses. It was explained that mandatory courses were generally completed on promotion, meaning uptake was linked to progression rather than ongoing demand.
- **Training and Support for Managers Conducting PDRs** - Clarification was sought on how managers were trained to conduct effective PDRs. It was explained that online training sessions were delivered via Microsoft Teams, with the intention of reaching all managers and reinforcing guidance on how to carry out effective and meaningful performance development reviews.

**Resolved –**

(a) That the Committee welcomes the decision to outsource the 360-degree feedback process, noting that this is expected to improve the quality, objectivity and developmental value of feedback provided to individuals.

(c) That the Committee recognises the ongoing consultation on the future structure of Organisational Development, which is intended to support more innovative and creative approaches to staff development.

(d) That the Committee supports the Service's continued commitment to continuous improvement in staff development.

**Recommended to Fire Authority –** (e) That the planned improvements to the Performance Development Review (PDR) process, to be implemented following the upgrade of the digital platform, be endorsed.

**10/26 GAS COMMITTEE SCRUTINY PROGRAMME 2025/26** – The Committee Manager submitted a report summarising the Committee's Scrutiny Programme 2025/26.

**Resolved –** That the update be received.



Humberside Fire and Rescue Service

Summary Internal Controls Assurance (SICA) Report

March 2026

Final

# Summary Internal Controls Assurance

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## Introduction

1. This summary controls assurance report provides the Governance, Audit and Scrutiny Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at Humberside Fire and Rescue Service as of 6<sup>th</sup> March 2026.

## Eco SMART

2. The UK public sector is facing increasingly structured and ambitious expectations around climate sustainability, driven by national policy, regulatory frameworks and public accountability. This is at a time when public funding is being stretched, with competing priorities and major reforms are taking place.

### Key Themes for Sustainability and Implications

**Materiality and Accountability** – Sustainability goals, practices and information must be relevant to primary users and reflect significant risks or opportunities that the organisation faces.

**Integration** – The sustainability ambitions must be embedded across strategy, operations and governance, rather than siloed to areas of interest or knowledge.

**Local Flexibility and National Alignment** – organisations are encouraged to tailor climate strategies to local contexts while contributing to national targets.

**Funding and Capacity Building** – Multi-year funding, regulatory reform and skills development are critical enablers to effectively deliver climate sustainability goals, within financial, knowledge and resource constraints.

### Next Steps

1. Review current sustainability practices, strategies and expectations.
2. Identify materiality, relevance, funding gaps and capacity needs in order to achieve the organisational objectives in relation to climate sustainability.
3. Engage Eco Smart to support assurance that expected objectives can be realised.
4. Find out more by clicking on this link: [Eco SMART - TIAA](#)

**Audits completed since the last SICA report to the Governance, Audit and Scrutiny Committee**

3. The table below sets out details of audits finalised since the previous meeting of the Governance, Audit and Scrutiny Committee.

*Audits completed since previous SICA report*

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
No final reports issued since the previous meeting.								

4. The Executive Summaries for each of the finalised reviews are included at Appendix A.

**Progress against the 2025/2026 Annual Plan**

5. Our progress against the Annual Plan for 2025/26 is set out in Appendix B.

**Changes to the Annual Plan 2025/26**

6. There have been no changes to the approved plan.

**Progress in actioning priority 1 & 2 recommendations**

7. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA.

**Frauds/Irregularities**

8. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

**Other Matters**

9. We have issued a number of briefing notes and fraud digests, shown in Appendix C, since the previous SICA report.

**Responsibility/Disclaimer**

10. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

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## Appendix A: Executive Summaries

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The following Executive Summaries are included in this Appendix. Full copies of the reports are provided to the Governance, Audit and Scrutiny Committee.

Review	Key Findings
No finals reports issued.	

## Appendix B: Progress against Annual Plan

System	Planned Quarter	Current Status	Comments
Multi Agency Training	1	Final report issued	Reported to GAS November 2025
Organisational Learning Governance	2	Final report issued	Reported to GAS November 2025
Confidence in Using Staff Feedback Mechanisms	2	Final report issued	Reported to GAS February 2026
Follow-up (Mid-year)	2	Final report issued	Reported to GAS February 2026
Contingency – Talent Development	2	Commenced 18/02/2026	
Workforce Planning	3	Final report issued	Reported to GAS November 2025
Monitoring of Working Hours	3	Final report issued	Reported to GAS February 2026
Visibility of Senior Managers	3	Draft report issued 30/01/2026	
ICT Management Controls	4	Commenced 02/03/2026	
Key Financial Controls	4	Commenced 02/03/2026	
Joint Estates	4	Final report issued	Reported to GAS February 2026
Year-End Follow Up	4	To commence 20/03/2026	

**KEY:**

	To commence		Site work commenced		Draft report issued		Final report issued
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## Appendix C: Briefings on Developments in Governance, Risk and Control

TIAA produce regular briefing notes to summarise new developments in Governance, Risk, Control, Counter Fraud and Security Management which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those briefings issued in the last three months which may be of relevance to the Humberside Fire and Rescue Service is given below:

### Summary of recent Client Briefings and Alerts

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
18 February 2026	All	Security Alert	UK Terrorism Threat Update (2026)	<a href="#">UK Terrorism Threat Update (2026) - TIAA</a>	Recent UK terrorism-related incidents reflect a persistent and evolving threat involving online radicalisation, lone-actor violence, chemical and weapons-related planning, and increasing involvement of young offenders. These cases demonstrate the importance of strong vigilance, staff awareness, and proportionate protective security arrangements across all sectors.
2 February 2026	All	TIAA Article	Employment Rights Act 2025: What It Means for Employers	<a href="#">Employment Rights Act 2025: What It Means for Employers - TIAA</a>	The world of work is evolving fast — and the Employment Rights Act 2025 marks one of the most significant shifts in recent years for organisations across the UK. Our latest briefing breaks down what the new legislation means for employers, the practical changes to prepare for, and how organisations can stay compliant while continuing to protect and support their workforce.
2 February 2026	All	TIAA Blog	Martyn’s Law Home Office guidance postponed until Summer 2026	<a href="#">Security Matters: Martyn’s Law Home Office guidance postponed until Summer 2026 - TIAA</a>	The third blog in the series. This month takes a closer look at the evolving landscape around Martyn’s Law, including the Home Office’s updated timeline and what this means for organisations working to strengthen their security posture. With guidance now expected in summer 2026, preparedness remains essential. In this blog, we break down why staying proactive matters — and how organisations can use this time to build resilience and embed stronger protective measures.
30 January 2026	All	Client Briefing	Safeguarding Culture, Learning and Multi-Agency Practice Briefing	<a href="#">Safeguarding Culture, Learning and Multi-Agency Practice Briefing - TIAA</a>	This briefing summarises key insights from a conversation with safeguarding specialist Peter Stride, drawing on his experience chairing Domestic Abuse-Related Death Reviews, Safeguarding Adult Reviews and Children’s Reviews. It highlights the cultural, organisational and multi-agency factors that drive safeguarding success — and failure — across health, social care, local government and emergency services.

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
23 January 2026	All	Podcast	Safeguarding Culture, Learning and Multi Agency Practice Podcast	<a href="#">Safeguarding Culture, Learning and Multi Agency Practice Podcast - TIAA</a>	This podcast features a discussion between TIAA Directors Veran Patel and Fiona Roe, alongside safeguarding specialist Peter Stride, who draws on his extensive experience chairing Domestic Abuse Related Death Reviews, Safeguarding Adult Reviews and Children’s Reviews. The conversation explores the cultural, organisational and multi-agency factors that contribute to both success and failure in safeguarding across health, social care, local government and emergency services.
23 January 2026	Housing and Local Government	TIAA Article	Decarbonisation in Housing & Local Authority Sectors	<a href="#">Decarbonisation in Housing &amp; Local Authority Sectors - TIAA</a>	The UK’s net-zero agenda places significant demands on the housing and local authority sectors to drastically reduce carbon emissions across existing and new homes.  With decarbonisation high on the agenda—and DESNZ funding available through the Warm Homes programmes—TIAA plays a critical role in translating policy and grants into real-world impact: supporting organisations to manage funding effectively for cleaner, healthier, and future-proof housing.
22 January 2026	All	Data Protection Alert	Police Rollout of Live Facial Recognition	<a href="#">Police Rollout of Live Facial Recognition - TIAA</a>	Thames Valley Police has commenced the deployment of live facial recognition (LFR) technology in Oxford and the wider Thames Valley area, including the operation of specialised LFR vans in public spaces. The force states the rollout is intended to support frontline policing, enabling the rapid identification of wanted suspects and missing persons.
21 January 2026	All	Anti-Crime Alert	Rising Fraud in IT Asset Management and Disposal	<a href="#">Rising Fraud in IT Asset Management and Disposal - TIAA</a>	TIAA Anti-Crime Specialists have been alerted to vulnerabilities in the management and disposal of assets. Employees of organisations are misappropriating IT equipment (laptops, mobile phones and iPads), which are then sold via both online selling platforms and physical shops.
5 January 2026	All	TIAA Blog	Security Matters: Learning From Huntingdon – Protecting People in an Age of Uncertainty	<a href="#">Security Matters: Learning From Huntingdon - Protecting People in an Age of Uncertainty - TIAA</a>	The second in our Security Blog series.  This month we explore lessons from the Huntingdon train attack and what it teaches us about protecting people in uncertain times, with key takeaways and advice.

	<b>Agenda Item No. 5</b>
<b>Governance, Audit and Scrutiny Committee 16 March 2026</b>	<b>Report by the Head of Corporate Assurance</b>

<b>Internal Audit Plan 2026/27</b>
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## **1. SUMMARY**

- 1.1 The purpose of internal audit is to strengthen the Service's ability to create, protect, and sustain value by providing the Fire Authority and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 1.2 The Annual Plan at Appendix 1 sets out the proposed assignments that will be carried out in 2026/27, the planned times and the high-level scopes for each of these assignments.
- 1.3 The audits identified in the audit plan for 2026/27 support the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of the Service's framework of governance, risk management and control.
- 1.4 The audit scopes have been identified from the Service's assurance framework, risk registers, Service Improvement Plan, His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) findings/recommendations, Fire Standards, National Operational Guidance and key emerging themes.

## **2. RECOMMENDATION**

- 2.1 It is recommended that the Committee:
  - (i) Considers the draft 2026/27 internal audit plan (and any proposed revisions).
  - (ii) Recommends approval of the draft plan 2026/27 to the Fire Authority.

## **3. BACKGROUND**

- 3.1 Each year Internal Auditors prepare an annual plan that identifies the internal audit reviews to be undertaken during the next financial year.
- 3.2 The scope of internal audit services covers the entire breadth of the organisation, including all the Service's activities, assets, and personnel.
- 3.3 The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Fire Authority and management on the adequacy and effectiveness of governance, risk management, and control processes for the Service.

## **4. REPORT DETAIL**

- 4.1 The Annual Plan will be subject to ongoing review and could change as the risks change for the organisation; this will be formally reviewed with senior management and the Committee mid-way through the financial year or should a significant issue arise.
- 4.2 The overall agreed time for the delivery of each assignment within the Annual Plan includes: research; preparation and issue of terms of reference; site work; production and review of working papers; and reporting.

- 4.3 The Annual Plan at Appendix 1 sets out the proposed assignments that will be carried out in 2026/27.
- 

## 5. EQUALITY, DATA PROTECTION AND RISK IMPLICATIONS

- 5.1 There is no requirement to carry out an Equality Impact Assessment (EIA) and/or Data Protection Impact Assessment (DPIA) as this report does not relate to a policy or service delivery change or involves the processing of personal data.
- 5.2 Upon review, no risk implications have been identified in relation to this subject, and no further action is deemed necessary.
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## 6. CONCLUSION

- 6.1 The Committee is requested to consider the draft Internal Audit Plan for 2026/27 and endorse its approval to the Fire Authority.

**Jamie Morris**  
**Head of Corporate Assurance**

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### Officer Contact

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### Background Papers

None

### Glossary/Abbreviations

DPIA	Data Protection Impact Assessment
EIA	Equality Impact Assessment
HMICFRS	His Majesty's Inspectorate of Constabulary and Fire and Rescue Services



Internal Audit Plan 2026 - 2027

To assess, assure and provide recommendations against each of the proceeding scope descriptors.

**Please Note:** A mid and end of year follow ups are added to the plan to review the status of previously issued auditor recommendations

Title	Quarter	Scope	Source(s)	Directorate Team
<p><b>1</b></p> <p>Managerial support and direction for watches</p>	<p><b>1</b></p>	<ul style="list-style-type: none"> <li>▪ Station based Managers are visible, approachable, always demonstrate the CCOE</li> <li>▪ Station based managers are open to alternative views.</li> <li>▪ Consistently use a communication style that is inclusive and meets the needs of their differing audiences.</li> <li>▪ Ensure staff are informed and engaged with of Service objectives and key communications.</li> <li>▪ Recognise the impact of change and support employees through the change process, supporting people to achieve the best outcome.</li> <li>▪ Enable all station based managers to have difficult conversations.</li> </ul>	<p>HMICFRS Reporting, Fire Standard: Leading and Developing People, HFRS Strategic Plan 2.1 &amp; 2.5</p>	<p>Emergency Response</p>
<p><b>2</b></p> <p>Staff Competencies</p>	<p><b>1</b></p>	<ul style="list-style-type: none"> <li>▪ Equips, develops and supports its staff with the operational and non-operational skills needed to carry out their roles effectively.</li> <li>▪ Has effective systems to develop, monitor and assure staff competence and capability including the Core Skills and Role Specific Frameworks.</li> <li>▪ Open and regular communications between leaders, employees, partners and stakeholders.</li> </ul>	<p>Fire Standard Leading &amp; Developing People &amp; HMICFRS Criteria, Strategic Plan 4.1 &amp; 4.5</p>	<p>Training &amp; Workforce Culture</p>

	Title	Quarter	Scope	Source(s)	Directorate Team
3	Regulation of Fire Safety	1	<ul style="list-style-type: none"> <li>▪ Use of enforcement powers in a proportionate way.</li> <li>▪ Regulatory activities keep people safe and secure from the risk of fire.</li> <li>▪ Systematically and routinely share relevant information on fire safety risk with staff who use it to carry out fire safety audits.</li> <li>▪ Staff work and share information with enforcement partners and take appropriate enforcement action.</li> <li>▪ Staff work with local businesses and/or large organisations and share information and expectations on compliance with fire safety regulations.</li> <li>▪ Have a system to help all local businesses to have easy and timely access to clear guidance on how to comply with fire safety regulations.</li> </ul>	HMICFRS Criteria and HFRS Strategic Plan 1.3	Protection
4	Responding to fires and other emergencies	1	<ul style="list-style-type: none"> <li>▪ The FRS uses learning from emergencies (local and national) to improve its operational response and to challenge existing policies, processes and procedures.</li> </ul>	HMICFRS Criteria and HFRS Strategic Plan 1.5	Emergency Response & Organisational Learning
5	Leading People	2	<ul style="list-style-type: none"> <li>▪ The FRS makes sure that leaders at all levels are equipped, developed and supported to meet leadership standards, and effectively supports both teams and individuals.</li> <li>▪ All leaders are equipped and have the confidence to manage staff performance and well-being and to resolve poor performance and behaviour, and actively do so</li> </ul>	Our Priorities 2026-2027 & HMICFRS Criteria and HFRS Strategic Plan 2.1	HR & Workforce Development and Culture
6	Project Management	2	<ul style="list-style-type: none"> <li>▪ Has the capacity and capability it needs to improve performance, and has the skills needed to achieve sustainable change.</li> <li>▪ Manages change and transformation through effective projects and programmes.</li> <li>▪ Has a clear internal structure with appropriate governance arrangements to make sure progress against projects and programmes is monitored, scrutinised and challenged.</li> </ul>	HMICFRS Criteria HFRS Strategic Plan 4.1, 4.2, 4.5	Corporate Assurance

Title		Quarter	Scope	Source(s)	Directorate Team
7	National Operational Guidance	2	<ul style="list-style-type: none"> <li>▪ Effective systems and policies are in place for the management of National Operational Guidance</li> <li>▪ NOG standards are effectively understood by the related section / team in the Service</li> <li>▪ NOG standards are subject to performance management and scrutiny and regular reporting.</li> </ul>	NFCC and HFRS Strategic Plan 4.5	Fleet, Research and Capability
8	ICT Controls	4	<ul style="list-style-type: none"> <li>▪ The policy and procedures are up-to-date and clearly define the process for the management controls relating to ICT.</li> <li>▪ Risk relating to ICT systems and use of systems have been considered and mitigating actions and controls are operating.</li> <li>▪ Scheduled testing to manage risks related to Cyber security</li> <li>▪ Compliance with associated sector regulations and legislation can be evidenced</li> <li>▪ Systems are regularly updated regarding application and users.</li> <li>▪ Regular reporting is provided to senior management and/or Board in relation to ICT performance</li> </ul>	Risk Register and HFRS Strategic Plan 4.1	Digital Services
9	Key Financial Controls	4	<ul style="list-style-type: none"> <li>▪ The review assesses the adequacy and effectiveness of the internal controls in place for managing key financial systems including, <i>Creditor Payments, Payroll, Treasury Management, Debtors, General Ledger and Pensions</i></li> <li>▪ Policies and procedures are up to date and clearly define processes for key financial controls.</li> <li>▪ The Authority has considered the risks associated with financial controls and appropriate mitigating controls are identified and operated.</li> <li>▪ Performance is monitored in sufficient detail to senior management and the Authority, allowing for appropriate challenge.</li> <li>▪ Procedures direct compliance with regulatory obligations in relation to financial operations</li> </ul>	Risk Register and HFRS Strategic Plan 3.1 & 3.2	Finance
10	TBC <i>Contingency item</i>	TBC	TBC	TBC	TBC



Humberstone Fire and Rescue Service

Indicative Annual Plan 2026/27

March 2026

Draft

# Executive Summary

## Introduction

The Audit Plan for 2026/27 has been informed by a risk assessment carried out across our clients in the sector and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks. This coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

## Key Risk Considerations

We have identified a number of key areas which require consideration when planning internal audit coverage.

**Financial Resilience:** Funding constraints and spiralling costs, along with macro-economic impacts on organisations require even tougher financial decisions, with dependencies on collaboration, innovation, spending cuts and service deterioration.

**Devolution and Reorganisations:** Every process, policy, and assurance framework you rely on today could be dismantled or merged. Internal Audit will face a landscape where control environments are in flux, making previous assurances obsolete. Transition assurance is important.

**Digital Transformation and AI:** The rapid integration, and disparities in maturity, of AI across the sector are multifaceted and require a comprehensive governance framework that ensures the safe and ethical adoption of AI technologies. AI can inadvertently expose sensitive data, privacy breaches, AI bias and regulatory oversight.

**Cyber Security Governance:** This is a critical aspect of overall Board governance, especially given the sector being a high-value target for cyber-attacks, particularly ransomware and phishing. These threats are exacerbated by hybrid working and legacy IT systems.

**Net Zero:** Whilst net zero ambitions are progressing, financial constraints and skills shortages in assessing requirements and delivering progress may hinder effective implementation. An assessment of likely achievements would support a realistic reporting position.

**People and Culture:** Poor culture is a significant risk to organisations, leading to poor motivation and inefficiencies. Setting a healthy, ethical and motivated culture from strategic management and being effective in embedding this throughout the organisation, will determine how well the culture is immersed.

**Wellbeing:** Staff wellbeing has been a rising risk for some time. To fully understand underlying causes impacting on staff wellbeing, organisations must take a holistic approach across the workforce, understanding deep rooted reasoning for sickness, leavers, those seeking support and staff surveys, find the golden thread and innovative solutions. Linking this to organisational culture.

## Audit Strategy Methodology

In producing this audit strategy and annual plan, we have sought to build on our understanding of Humberside Fire and Rescue Service’s operating environment and risk profile through a review of key documentation and discussions with key staff and board/committee. We have taken into account:

- Humberside Fire and Rescue Service’s business strategy and corporate objectives
- The regulatory and legislative framework
- Humberside Fire and Rescue Service’s risk register
- Discussion with the Governance, Audit and Scrutiny Committee
- External sources of assurance
- Previous Internal Audit coverage

We take in to account any emerging or heightened risks that are facing the sector, to ensure that the work of internal audit remains appropriately prioritised and focused. Links to specific strategic risks are also contained in the Internal Audit Strategy.

**Our approach complies with the requirements of the IIA Global Internal Audit Standards.**

### **Internal Audit Strategy and Plan**

The Annual Plan at Appendix A sets out the assignments that will be carried out in 2026/27, the planned times and the high-level scopes for each of these assignments.

The Annual Plan will be subject to ongoing review and could change as the risks change for the organisation; this will be formally reviewed with senior management and the Governance, Audit and Scrutiny Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of each assignment within the Annual Plan includes: research; preparation and issue of terms of reference; site work; production and review of working papers; and reporting.

The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and Humberside Fire and Rescue Service. Where Humberside Fire and Rescue Service agrees additional work the required number of days and the aggregate day rate will be agreed in advance with the Head of Corporate Assurance and will be clearly set out in the terms of reference for the additional review(s).

### **Adequacy of the planned audit coverage**

The reviews identified in the audit plan for 2026/27 support the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of Humberside Fire and Rescue Service's framework of governance, risk management and control as required by TIAA's charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

### **Disclaimer**

This document has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent.

No responsibility to any third party is accepted as the document has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this document and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our document.

### **Release of Report**

The table below sets out the history of this plan.

<b>Draft Strategy and Plan:</b>	6 <sup>th</sup> March 2026
<b>Final Strategy and Plan:</b>	

## Appendix A: Annual Plan – 2026/27

Quarter	Review	Type	Days	High-level Scope
1	Managerial support and direction for watches	Assurance	6	The review assesses effectiveness of station and middle management in setting direction, providing support, and assuring safe, available, and well-led watches
1	Staff Competencies	Assurance	6	The review will assess whether the Fire Service has effective systems, controls, and processes in place to ensure staff possess and maintain the competencies required to perform their operational and support duties safely, effectively, and in compliance with statutory and organisational requirements.
1	Regulation of Fire Safety	Assurance	6	The audit will assess whether the Fire & Rescue Service has effective governance, processes, controls, and resources in place to regulate fire safety in accordance with statutory obligations, national guidance, and internal policies, ensuring risks to life and property are appropriately managed.
1	Responding to fires and other emergencies	Assurance	6	The review will evaluate how the Service uses learning from emergencies (local and national) to improve its operational response and to challenge existing policies, processes and procedures.
2	Follow-up (Mid-year)	Follow Up	2	Follow-up of implementation of agreed actions from audit reports, ensuring the Fire Service are implementing recommendations, and providing reports to the GAS.
2	Leading People	Assurance	6	The review will assess whether the Service has effective governance, processes, controls, and leadership practices in place to lead, develop, support, and manage its workforce in a way that aligns with organisational values, strategic objectives, and regulatory expectations
2	Project Management	Assurance	6	The audit will assess whether the Service’s project and programme management arrangements (governance, methodology, resources, controls, and reporting) are designed and operating effectively to deliver approved outcomes on time, to budget, and to quality, while managing risks to service delivery, safety, compliance, and value for money.
2	National Operational Guidance		6	The audit will assess whether the Fire & Rescue Service has effective governance, processes, systems, and assurance arrangements to ensure that National Operational Guidance (NOG) is: <ul style="list-style-type: none"> <li>• Appropriately reviewed and evaluated</li> <li>• Effectively implemented into local policy and operational practice</li> <li>• Supported by suitable training, competency development and operational assurance</li> <li>• Embedded within organisational learning processes</li> <li>• Monitored to ensure compliance and continuous improvement</li> </ul>
4	ICT Strategy and Management Controls	Assurance	6	The review considers the arrangements for: ICT Strategy components and coordination; access security; back up retention periods; email/ internet policy and enforcement; licence monitoring, upgrade controls and protocols for communicating with third parties.  The scope of the review does not include consideration of the training needs; or the appropriateness of file sharing.

Quarter	Review	Type	Days	High-level Scope
4	Key Financial Controls	Assurance	6	The review assesses the adequacy and effectiveness of the internal controls in place for managing the following key financial systems; Creditor Payments; Payroll; Treasury Management; Debtors; General Ledger; and Pensions
4	Contingency	Assurance	5	Contingency for ad hoc advice, value for money, efficiency savings, benchmarking, management reviews or process walk throughs, support and training as required during the period
4	Year-end Follow-up	Follow up	2	Follow-up of implementation of agreed actions from audit reports, ensuring the Fire Service are implementing recommendations, and providing reports to the GAS.
1	Annual Planning	Management	1	Assessing the Fire Service's annual audit needs.
4	Annual Report	Management	1	Reporting on the overall conclusions and opinion based on the year's audits and other information and providing input to the Annual Governance Statement.
1 – 4	Audit Management	Management	7	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Governance, Audit and Scrutiny Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
<b>Total days</b>			<b>72</b>	

## Appendix B: Additional services which can be commissioned from TIAA at a Premium

Additional services which can be commissioned from TIAA at a Premium	
<b>1</b>	<p><b>Investigatory Services</b></p> <p>Our bespoke investigations practice forms part of our Anti-Crime and Investigations Team. We are able to provide focussed services in areas including:</p> <ul style="list-style-type: none"> <li>• HR Disciplinary Investigations</li> <li>• Regulatory Breaches (such as Data loss/DPA)</li> <li>• Whistleblowing matters</li> <li>• Cyber Risk Investigations</li> <li>• Criminal Investigations</li> <li>• Fraud Investigations</li> </ul>
<b>2</b>	<p><b>Health and Safety Consultancy</b></p> <p>Our specialist Health &amp; Safety consultants bring deeper technical expertise and practical experience. They are qualified to interpret legislation, identify risks that may be overlooked, and recommend tailored solutions that go beyond compliance. This specialist input gives clients greater confidence that Health &amp; Safety arrangements are robust, legally sound, and aligned with best practice.</p>
<b>3</b>	<p><b>Security Management Services</b></p> <p>Local government faces challenges regarding security in many aspects: terrorism, thefts, violence and aggression towards staff, vandalism, arson, drug dealing, heritage crime. Our highly skilled security management specialists provide training, advice, proactive surveys and assessments on security systems.</p>

# Appendix C: Internal Audit Charter

## Purpose

The purpose of internal audit is to strengthen Humberside Fire and Rescue Service's ability to create, protect, and sustain value by providing the board/audit committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal audit enhances Humberside Fire and Rescue Service's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the IIA's Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

## Commitment to Adhering to the Global Internal Audit Standards

TIAA will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. TIAA will report to the board (as required) audit committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

## Authority

Humberside Fire and Rescue Service's Audit committee grants the internal audit function the mandate to provide the board/committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the committee. Such authority allows for unrestricted access to both the board and committee.

The committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Humberside Fire and Rescue Service and other specialised services from within or outside Humberside Fire and Rescue Service to complete internal audit services.

## Independence and Reporting Relationships

TIAA will confirm to Humberside Fire and Rescue Service's Audit committee, at least annually, the independence of the internal audit function. TIAA will disclose to the committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

## Board/Committee Oversight

To establish, maintain, and ensure that TIAA internal audit provision has sufficient authority to fulfil its duties, the board/committee will:

- Discuss with TIAA and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure TIAA has unrestricted access to and communicates and interacts directly with the board/committee, including in private meetings without senior management present.
- Discuss with TIAA and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with TIAA and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve TIAA's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter periodically with TIAA to consider changes affecting the organisation, such as changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter periodically. (typically, annually).
- Approve the risk-based internal audit plan.
- Review TIAA's performance.
- Receive communications from TIAA about the internal audit function including its performance relative to its plan.

- Ensure TIAA has established a quality assurance and improvement program and this is reported on annually.
- Make appropriate inquiries of senior management and TIAA to determine whether scope or resource limitations are inappropriate.

### TIAA Role

TIAA will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

### Objectivity

TIAA will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If TIAA determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or

engage in other activities that may impair their judgment, including:

- Performing operational duties for Humberside Fire and Rescue Service or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Humberside Fire and Rescue Service employee that is not employed by TIAA, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as TIAA management, Humberside Fire and Rescue Service's board/committee and management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control. TIAA is responsible for providing assurance to Humberside Fire and Rescue Service's governing body (being the body with overall responsibility for the organisation) on the adequacy and effectiveness of the risk management, control and governance processes.

### TIAA's Responsibility

TIAA has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the board/committee and senior management.
- Discuss the plan with the board (as required) and committee and senior management and submit the plan to the committee for review and approval.
- Review and adjust the internal audit plan, as necessary, in response to changes in Humberside Fire and Rescue Service's business, risks, operations, programs, systems, and controls.
- Communicate with the board/committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the committee and senior management at each committee meeting and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact Humberside Fire and Rescue Service and communicate to the board and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.

- Ensure adherence to TIAA's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the board and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If TIAA cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the committee.

#### Communication with the Board/Committee and Senior Management

TIAA will report periodically to the committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the committee.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond Humberside Fire and Rescue Service's risk appetite.

#### Quality Assurance and Improvement Programme

- TIAA will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of TIAA's conformance with the Global Internal Audit Standards, as well as performance measurement to assess TIAA's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement. Annually, TIAA will communicate with the board and senior management about the quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of TIAA.

#### Scope

- The scope of internal audit services covers the entire breadth of the organisation, including all Humberside Fire and Rescue Service's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the board/committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Humberside Fire and Rescue Service.
- The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These

opportunities will be communicated to the appropriate level of management.

- Internal audit engagements may include evaluating whether:
- Risks relating to the achievement of Humberside Fire and Rescue Service's strategic objectives are appropriately identified and managed.
- The actions of Humberside Fire and Rescue Service's officers, directors, management, employees, and contractors or other relevant parties comply with Humberside Fire and Rescue Service's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Humberside Fire and Rescue Service.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance policies.

#### Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2002.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the

relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

### Assurance Assessment Gradings

We use four levels of assurance assessments as set out below.

<b>Substantial Assurance</b>	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
<b>Reasonable Assurance</b>	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
<b>Limited Assurance</b>	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
<b>No Assurance</b>	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

### Data Protection

TIAA has policies, procedures and processes in place to comply with all associated regulation and legislation on information security, which is underpinned by mandatory

Approved by the Governance, Audit and Scrutiny Committee at its meeting on **date**

annual awareness training for all staff. To carry out our role effectively, we need to obtain information that is reliable, relevant and sufficient to support our findings and recommendations. The collection of data, particularly sensitive personal data, is minimised and is not shared with unauthorised persons unless there is a valid and legal requirement to do so. We have clear policies on the retention of data and its appropriate, controlled disposal. TIAA has a fully robust Information Security Management System that meets all the requirements of ISO27001:2022.

### Quality Assurance

TIAA recognises the importance of Internal Audit being controlled at each stage to ensure that we deliver a consistent and efficient Internal Audit service that is fully compliant with professional standards and also the conditions of contract. We operate a comprehensive internal operational quality review process to ensure that all Internal Audit work is carried out in accordance with these standards. These quarterly reviews are part of our quality management system which has ISO 9001:2015 accreditation.

### Disclaimer

The matters raised in this planning report, along with those raised in our audit and annual reports, are only those that came to the attention of the auditor during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in

whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

### Performance Standards

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Performance Measure	Target
Completion of planned audits.	100%
Audits completed in time allocation.	100%
Draft report issued within 10 working days of exit meeting.	100%
Management responses received by TIAA within 10 working days of draft report issue.	100%
Final report issued within 10 working days of receipt of responses.	100%
Compliance with TIAA's audit charter and IIA GIAS	100%

	<b>Agenda Item No. 6</b>
<b>Governance, Audit and Scrutiny Committee 16 March 2026</b>	<b>Report by the Executive Director of Finance/S.151 Officer</b>

<b>TREASURY MANAGEMENT STRATEGY STATEMENT 2026/27</b>
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## 1. SUMMARY

- 1.1 This report sets out the Prudential Indicators for Treasury Management and Capital and the Treasury Management Strategy Statement proposed for adoption for the financial year 2026/27. The Authority's Constitution requires that the Policy Statement is approved by the full Fire Authority and this responsibility cannot be delegated.
- 1.2 This report also outlines the recommended policy to be adopted in respect of creating the Minimum Revenue Provision (MRP) for 2026/27, in line with the statutory requirements set out in The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 and 2017.

## 2. RECOMMENDATION

- 2.1 It is recommended that Governance, Audit and Scrutiny Committee endorses approval of the Treasury Management Strategy Statement 2026/27 onwards to the Fire Authority as set out in Appendix 1.

## 3. BACKGROUND

- 3.1 Treasury Management, as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice 2017 is:

“The management of the organisation’s investments and cash-flows, its banking and money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of the optimum performance consistent with those risks.”

- 3.2 An updated version of the Code was published in December 2017; this strategy statement has been prepared in accordance with the requirements of the Code.

## 4. REPORT DETAIL

### Treasury Management and Prudential Indicators

- 4.1 The Local Government Act 2003 and supporting regulations require Authority to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set, on an annual basis, a range of Prudential and Treasury Indicators for the next three years to ensure that its capital investment plans are affordable, prudent and sustainable. This report details the proposed indicators relating to the Authority's Treasury Management activities, capital expenditure and external debt for 2026/27 for Members' consideration and approval.
- 4.2 The suggested strategy for 2026/27 in respect of the following aspects of the treasury management function is based upon the S.151 Officer's views on interest rates, supplemented with leading mark forecasts provided by the Authority's treasury management advisors and support from the treasury management team within Hull City Council. The strategy covers:

- limits in force which will limit the treasury risk and activities of the Authority,

- the Treasury Management and Prudential Indicators,
- the current treasury position,
- prospects for interest rates,
- the borrowing requirement strategy,
- policy on borrowing in advance of need,
- debt rescheduling,
- the investment strategy,
- creditworthiness policy,
- the MRP strategy; and
- policy on use of external service providers

4.3 The 2003 Act, revised Investment Guidance issued 2010 and the updated CIPFA Code also require that Members give consideration to the Authority's Annual Investment Strategy, setting out how investments will be managed and the priorities for security and liquidity of those investments as well as the Annual Borrowing Strategy; these have also been incorporated into this report.

4.4 In addition, it is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Authority to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital decisions. This therefore means, that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

- a. increased interest charges from additional borrowing and;
- b. increased running costs from new capital projects

are limited to a level that is affordable within the projected income of the Authority.

#### **Financial/Resourcing/Value for Money Implications**

4.5 The approach outlined within the report is aimed at achieving effective and efficient management of the Authority's financial resources and reflects a prudent approach to the management of financial risk for the Authority.

4.6 The Authority forecasts to have an under-borrowed position in relation to long-term borrowing of £9.4m at the end of 2025/26 which will save in the region of £0.5m in interest in each year until the borrowing is taken.

#### **Risk/Health and Safety/Legal Implications**

4.7 The Authority must comply with the requirements of the CIPFA Code of Practice on Treasury Management 2017 and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2017. This report ensures such compliance.

4.8 The formulation and application of a prudent Treasury Management Policy and MRP provision ensures that the Authority effectively manages financial risks such as exposure to interest rate changes and liquidity risk whilst minimising borrowing costs and maximising investment income. It further ensures that sufficient levels of resource are set aside for the repayment of debt. Effective treasury management is key to making the best use of the Authority's financial resources and thus the successful delivery of its Strategic Plan.

#### **Linkages to CRMP/Strategic Plan/Strategies/Plans/Policies**

4.9 Treasury Management is an integral part of the financial management of the Authority with Prudential Indicators providing a framework for the Authority to monitor key elements of its financial position. Utilising approved Borrowing and Investment Strategies, the Executive Director of Finance/S.151 Officer will seek to minimise

borrowing costs and maximise investment income whilst adopting a prudent approach to the Authority's exposure to market risks, especially given the current economic situation.

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## **5. EQUALITY, DATA PROTECTION AND RISK IMPLICATIONS**

- 5.1 There is no requirement to carry out an Equality Impact Analysis (EIA) and/or Data Protection Impact Assessment (DPIA) as this report does not relate to a policy or service delivery change or involves the processing of personal data.
- 5.2 Associated risks have been duly assessed and are captured on the Risk and Opportunity Register as a Strategic risk (Reference 2023/24 – 01 Financial Constraints Around National Grant Funding).
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## **6. CONCLUSION**

- 6.1 That Members note and make any recommendations to the Fire Authority as required on the Treasury Management Strategy Statement for 2026/27 onwards.

**Martyn Ransom**  
**Executive Director of Finance/S.151 Officer**

### **Officer Contact**

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### **Background Papers**

Medium-Term Resource Strategy 2026/27 to 2030/31 – report to Fire Authority February 2026  
Treasury Management Mid-year Update Report 2025/26 – Report to Fire Authority November 2025

CIPFA Prudential Code (Revised 2011) and November 2012 and 2017 update

The local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 and 2017

### **Glossary/Abbreviations**

CIPFA	Chartered Institute of Public Finance and Accounting
DPIA	Data Protection Impact Assessment
EIA	Equality Impact Assessment
MRP	Minimum Revenue Provision



# Treasury Management Strategy Statement

## Minimum Revenue Provision Policy Statement and Annual Investment Strategy

Humberside Fire Authority 2026/27



**HUMBERSIDE**  
Fire & Rescue Service

## INTRODUCTION

### Background

The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low-risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that the Authority can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet a risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

*“The management of the local authority's borrowing, investments and cash flows, including 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.”*

### Reporting requirements

#### Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full Authority fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

#### Treasury Management Reporting

The Authority is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

- a) **Prudential and treasury indicators and treasury strategy** (this report) - The first and most important report is forward looking and covers:
- the capital plans (including prudential indicators);
  - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
  - the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
  - an Annual Investment Strategy (the parameters on how investments are to be managed).
- b) **A mid-year treasury management report based on period ending 30<sup>th</sup> September** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c) **An annual treasury report** – This is a backward-looking document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### **Scrutiny**

The above reports are required to be adequately scrutinised before being recommended to the Authority. This role is undertaken by the Governance, Audit and Scrutiny Committee.

### **Quarterly reports**

In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June and end of December) is also required. This reporting sits within the Quarterly Corporate Finance and Procurement Update that is produced and taken to Governance, Audit and Scrutiny Committee and Humberside Fire Authority.

### **Treasury Management Strategy for 2026/27**

The strategy for 2026/27 covers two main areas:

#### **Capital issues**

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

#### **Treasury management issues**

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Authority;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, MHCLG Investment Guidance, MHCLG MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. Training will be arranged as required.

**Treasury management consultants**

The Authority uses MUFG Corporate Markets as its external treasury management advisors.

The Authority recognises that responsibility for treasury management decisions always remains with the Authority and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

## THE CAPITAL PRUDENTIAL INDICATORS 2026/27 – 2029/30

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

### Capital expenditure – Indicator 1

This prudential indicator is a summary of the Authority's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
<b>Total</b>	<b>8.437</b>	<b>9.153</b>	<b>5.076</b>	<b>11.957</b>	<b>9.823</b>

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements, which already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Capital receipts	0.732	0.500	-	-	-
Capital grants	-	-	-	-	-
Capital reserves	-	0.620	0.895	1.983	1.350
Revenue	2.087	1.000	0.600	0.500	0.600
<b>Net financing need for the year</b>	<b>5.618</b>	<b>7.033</b>	<b>3.581</b>	<b>9.474</b>	<b>7.873</b>

### The Authority's borrowing need (the Capital Financing Requirement) – Indicator 2

The second prudential indicator is the Authority's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Authority is not required to separately borrow for these schemes. The Authority had £1.126m of such schemes within the CFR as at 31<sup>st</sup> March 2025.

The Authority is asked to approve the CFR projections below:

£m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
<b>Capital Financing Requirement</b>					
Underlying CFR	24.400	30.174	32.357	40.285	46.402
Other LT Liabilities	1.047	1.020	0.990	0.957	0.922
<b>Total CFR</b>	<b>25.447</b>	<b>31.194</b>	<b>33.347</b>	<b>41.242</b>	<b>47.324</b>
<b>CFR as a % of BR</b>	<b>42.32%</b>	<b>50.24%</b>	<b>53.15%</b>	<b>65.09%</b>	<b>72.33%</b>
<b>Movement in CFR</b>	<b>4.533</b>	<b>5.747</b>	<b>2.153</b>	<b>7.895</b>	<b>6.082</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	5.618	7.033	3581	9.474	7.873
Less MRP/VRP and other financing movements	(1.085)	(1.286)	(1.428)	(1.579)	(1.791)
<b>Movement in CFR</b>	<b>4.533</b>	<b>5.747</b>	<b>2.153</b>	<b>7.895</b>	<b>6.082</b>

This table shows CFR increasing to 72% of our Budget Requirement (BR) which is due to the investment in the Authority's assets over the next 5 years.

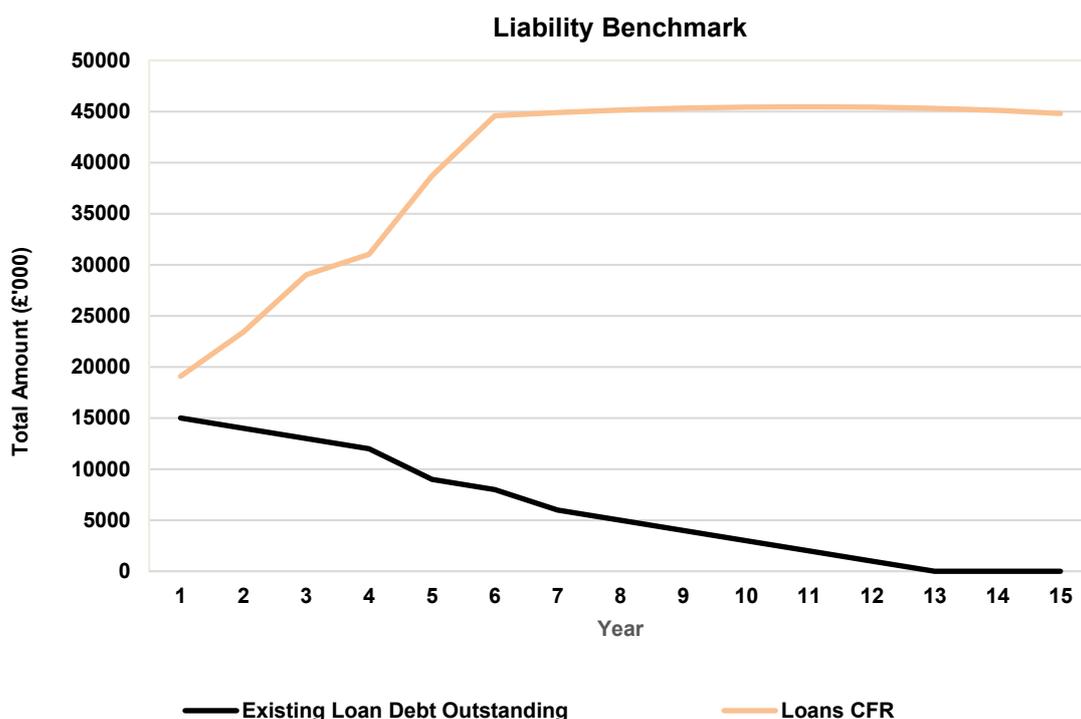
### The Authority's Liability Benchmark – Indicator 3

The Authority is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

- **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
- **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

The graph below shows that the Authority is currently slightly internally borrowed and this will increase over the next few years. The Authority will actively monitor interest rates and determine the most advantageous time to take actual long-term borrowing. Short-term borrowing may be used until borrowing rates become more attractive.



#### Core funds and expected investment balances – Indicator 4

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Fund balances / reserves	14.160	13.580	12.787	10.921	9.634
Capital receipts	0.650	0.530	0.030	0.030	0.030
<b>Total core funds</b>	<b>14.810</b>	<b>14.110</b>	<b>12.817</b>	<b>10.951</b>	<b>9.664</b>
Working capital*	(2.500)	(2.500)	(2.500)	(2.500)	(2.500)
(Under)/over borrowing	(9.400)	(14.174)	(15.357)	(22.285)	(29.402)
<b>Expected investments</b>	<b>2.910</b>	<b>(2.564)</b>	<b>(5.040)</b>	<b>(13.834)</b>	<b>(22.238)</b>

\*Working capital balances shown are estimated year-end; these may be higher mid-year

## TREASURY MANAGEMENT PRUDENTIAL INDICATORS 2026/27 – 2029/30

The capital expenditure plans set out in this section provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the annual investment strategy.

### Current portfolio position

The Authority's estimated treasury portfolio position at 31 March 2026, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
<b>External Debt</b>					
Debt at 1 April	15.828	15.000	16.000	17.000	18.000
Expected change in Debt	(0.828)	1.000	1.000	1.000	(1.000)
Other long-term liabilities (OLTL)	1.126	1.047	1.020	0.990	0.957
Expected change in OLTL	(0.079)	(0.027)	(0.030)	(0.033)	(0.035)
Actual gross debt at 31 March	<b>16.047</b>	<b>17.020</b>	<b>17.990</b>	<b>18.957</b>	<b>17.922</b>
The Capital Financing Requirement	<b>25.447</b>	<b>31.194</b>	<b>33.347</b>	<b>41.242</b>	<b>47.324</b>
Under / (over) borrowing	<b>9.400</b>	<b>14.174</b>	<b>15.357</b>	<b>22.285</b>	<b>29.402</b>

Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2026/27 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Executive Director of Finance & S.151 Officer reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and the proposals in this budget report.

## Treasury Indicators: limits to borrowing activity

### The operational boundary – Indicator 5

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary £m	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Debt	31.500	36.500	41.500	46.500
Other long-term liabilities	3.500	3.500	3.500	3.500
Total	35.000	40.000	45.000	50.000

### The authorised limit for external debt – Indicator 6

This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Authority. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all authorities' plans, or those of a specific authority, although this power has not yet been exercised.
- The Authority is asked to approve the following authorised limit:

Authorised limit £m	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Debt	36.500	41.500	46.500	51.500
Other long-term liabilities	3.500	3.500	3.500	3.500
Total	40.000	45.000	50.000	55.000

### Prospects for interest rates

The Authority has appointed MUFG Corporate Markets as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. MUFG Corporate Markets provided the following forecasts on 22 December 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

Additional notes by MUFG Corporate Markets on this forecast table: -

- Our last interest rate forecast update was undertaken on 11 August. Since then, a combination of tepid growth (0.2% q/q GDP for Q2 and 0.1% q/q GDP for Q3), falling inflation (currently CPI is 3.2%), and a November Budget that will place more pressure on the majority of households' income, has provided an opportunity for the Bank of

England's Monetary Policy Committee to further reduce Bank Rate from 4% to 3.75% on 18 December.

- Surprisingly, to most market commentators, the recent steep fall in CPI inflation in one month from 3.6% to 3.2% did not persuade most “dissenters” from the November vote (Lombardelli, Greene, Mann and Pill) to switch to the rate-cutting side of the Committee. Instead, it was left to Bank Governor, Andrew Bailey, to use his deciding vote to force a rate cut through by the slimmest of margins, 5-4.
- Given the wafer-thin majority for a rate cut it was not unexpected to hear that although rates would continue on a “gradual downward path”, suggesting a further rate cut or cuts in the offing, MPC members want to assess incoming evidence on labour market activity and wage growth. Indeed, with annual wage growth still over 4.5%, the MPC reiterated that the case for further rate cuts would be “a closer call”, and Governor Bailey observed there is “limited space as Bank Rate approaches a neutral level”.
- Accordingly, the MUFG Corporate Markets forecast has been revised to price in a rate cut in Q2 2026 to 3.5%, likely to take place in the wake of a significant fall in the CPI inflation reading from 3% in March to 2% in April (as forecast by Capital Economics), followed by a short lull through the summer whilst more data is garnered, and then a further rate cut to 3.25% in Q4.
- As in August, nonetheless, threats to that central scenario abound. What if wage increases remain stubbornly high? There are, after all, several sectors of the domestic economy, including social care provision and the building/construction industries, where staff shortages remain severe. Moreover, by May 2026, following the local elections, we will have a better handle on whether or not the Starmer/Reeves team is going to see out the current Parliament or whether they face a Leadership challenge from within their own party. If so, how will gilt markets react to these variables...and will there be additional geo-political factors to also bake in, particularly the Fed's monetary policy decisions in 2026 and the ongoing battle to lower rates whilst inflation remains close to 3%.
- Accordingly, our updated central forecast is made with several hefty caveats. We are confident, as we have been for some time, that our forecast for Bank Rate and the 5-year PWLB Certainty Rate is robust, and we have marginally brought forward the timing of the next rate cut(s). But for the 10-, 25- and 50-years part of the curve, the level of gilt issuance, and the timing of its placement, will be integral to achieving a benign trading environment. That is not a “given”, and additionally, the inflation outlook and political factors domestically and, crucially, in the US, are also likely to hold sway. Matters should be clearer by June in the UK, but the US mid-term elections are scheduled for November.
- Our revised PWLB rate forecasts are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps) and is set to prevail until at least the end of March 2026. Hopefully, there will be a further extension to this discounted rate announced in January.
- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

## Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are generally to the upsides. Our target borrowing rates are set two years forward (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

<b><i>PWLB borrowing</i></b>	<b><i>Current borrowing rates as at 22.12.25 p.m.</i></b>	<b><i>Target borrowing rate now (end of Q4 2027)</i></b>	<b><i>Target borrowing rate previous (end of Q4 2027)</i></b>
	<b><i>%</i></b>	<b><i>%</i></b>	<b><i>%</i></b>
<b>5 years</b>	4.81	4.10	4.20
<b>10 years</b>	5.39	4.70	4.70
<b>25 years</b>	6.01	5.30	5.30
<b>50 years</b>	5.78	5.10	5.10

**Borrowing advice:** Our long-term (beyond 10 years) forecast for the neutral level of Bank Rate remains at 3.5%. As all PWLB certainty rates are still above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve (<5 years PWLB maturity/<10 years PWLB EIP) and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

<b><i>Average earnings in each year</i></b>	<b><i>Now</i></b>	<b><i>Previously</i></b>
	<b><i>%</i></b>	<b><i>%</i></b>
<b>2025/26 (residual)</b>	3.80	3.90
<b>2026/27</b>	3.40	3.60
<b>2027/28</b>	3.30	3.30

<b>2028/29</b>	3.30	3.50
<b>2029/30</b>	3.50	3.50
<b>Years 6-10</b>	3.50	3.50
<b>Years 10+</b>	3.50	3.50

We will continue to monitor economic and market developments as they unfold. Typically, we formally review our forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider our position on an ad-hoc basis as required.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

### **Borrowing strategy**

The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2026/27 treasury operations. The Executive Director of Finance & S.151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the Authority at the next available opportunity.

### **Policy on borrowing in advance of need**

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

## Debt rescheduling

Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment or rebalancing of the portfolio to provide more certainty is considered appropriate.

All rescheduling will be reported to the Authority, at the earliest meeting following its action.

## New financial institutions as a source of borrowing and / or types of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

## Approved Sources of Long and Short-Term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

# ANNUAL INVESTMENT STRATEGY

## Investment policy – management of risk

The Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The Authority’s investment policy has regard to the following: -

- a) MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- b) CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
- c) CIPFA Treasury Management Guidance Notes 2021

The Authority’s investment priorities will be security first, portfolio liquidity second and then yield, (return).

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

- Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
- **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- This Authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 4 under the categories of ‘specified’ and ‘non-specified’ investments.
  - a. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
  - b. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
- **Non-specified investments limit.** The Authority has determined that it will limit the maximum total exposure to non-specified investments as being 10% of the total investment portfolio.

- **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in the creditworthiness policy.
- **Transaction limits** are set for each type of investment in the creditworthiness policy.
- This authority will set a limit for its investments which are invested for **longer than 365 days**.
- Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**.
- This authority has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- All investments will be denominated in **sterling**.
- As a result of the change in accounting standards under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. Subsequently, a further extension to the override to 31.3.29 has been agreed by Government but only for those pooled investments made before 1<sup>st</sup> April 2024).

However, this Authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

### **Creditworthiness policy**

The primary principle governing the Authority's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Authority will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Authority's prudential indicators covering the maximum principal sums invested.

The Executive Director of Finance/S.151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Authority for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Authority may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by MUFG Corporate Markets, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Authority criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high-quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Authority will only use banks which:
  - a) are UK banks; and/or
  - b) are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA-
    - and have, as a minimum, the following Fitch, Moody’s and Standard & Poor’s credit ratings (where rated):
      - a) Short Term – F1;
- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above;
- Building societies - The Authority will use all societies which:
  - a) Meet the ratings for banks outlined above;
- Money Market Funds – £1m limit (each). Subject to £3m maximum;
- Local authorities, Police and Fire and Crime Commissioners - £2m limit (each);
- Debt Management Office (DMO) - £no limit.

**Use of additional information other than credit ratings.** Additional requirements under the Code require the Authority to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

**Time and monetary limits applying to investments.** The time and monetary limits for institutions on the Authority’s counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long-term Rating (or equivalent)	Money Limit	Transaction Limit	Time Limit
Individual Banks 1&2 higher quality	F1+	£3m	£3m	364 days
Individual Banks 1&2 medium Quality	F1	£2m	£2m	364 days
Individual UK Building societies	F1+	£3m	£3m	364 days

<b>Individual UK Building societies</b>	<b>F1</b>	<b>£2m</b>	<b>£2m</b>	<b>364 days</b>
<b>Local authorities/Police, Fire and Crime Commissioners</b>		<b>£2m</b>	<b>£2m</b>	<b>364 days</b>
<b>Money Market Funds</b>	<b>AAA</b>	<b>£1m (each)</b>	<b>£1m (each)</b>	<b>liquid</b>

The proposed criteria for specified and non-specified investments are shown in the appendices for approval.

### Country and sector limits

Due care will be taken to consider the country, group and sector exposure of the Authority's investments.

The Authority has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in the appendices. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

In addition:

1. limits in place above will apply to a group of companies;
2. sector limits will be monitored regularly for appropriateness.

### Investment strategy

**In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

### Investment returns expectations.

The current forecasts are for the Bank Rate to fall to a low of 3.5%.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

<b>Average earnings in each year</b>	<b>Now</b>	<b>Previously</b>
2025/26 (residual)	3.80%	3.90%
2026/27	3.40%	3.60%
2027/28	3.30%	3.30%
2028/29	3.30%	3.50%
2029/30	3.50%	3.50%
Years 6 to 10	3.50%	3.50%
Years 10+	3.50%	3.50%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

**Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Authority's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Authority is asked to approve the following treasury indicator and limit:

<b>Upper limit for principal sums invested for longer than 365 days is £nil</b>			
<b>£m</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
Principal sums invested for longer than 365 days	£m	£m	£m
Current investments as at 28.02.26 in excess of 1 year maturing in each year	Nil	Nil	Nil

### **Investment risk benchmarking**

This Authority will use an investment benchmark to assess the investment performance of its investment portfolio of SONIA (Sterling Overnight Index Average).

### **End of year investment report**

At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

### **Day to day Treasury Management**

Kingston Upon Hull City Council manage the Authority's treasury management functions under the terms of a service level agreement in accordance with the approved Annual Treasury Management Strategy.

## APPENDICES

- 1) Prudential and treasury indicators and MRP statement
- 2) Interest rate forecasts
- 3) Economic background
- 4) Treasury management practice 1 – credit and counterparty risk management
- 5) Approved countries for investments
- 6) Treasury management scheme of delegation
- 7) The treasury management role of the section 151 officer
- 8) Capital Strategy

## THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2026/27 – 2029/30 AND MRP STATEMENT

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

### Capital expenditure

Capital expenditure £m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
<b>Total</b>	<b>8.437</b>	<b>9.153</b>	<b>5.076</b>	<b>11.957</b>	<b>9.823</b>

### Minimum revenue provision (MRP) policy statement

The Authority is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

Regulations have been issued which require the Authority to approve **an MRP Statement** in advance of each year. A variety of options are provided to authorities, so long as there is a prudent provision. The Authority is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former regulations (option 1);
- **Based on CFR** – MRP will be based on the CFR (option 2).

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction). There are 2 options available under this method which are as follows:
  - i. Equal Instalment Method (option 3a)
  - ii. Annuity Method (option 3b)
- **Depreciation method** – MRP will follow standard depreciation accounting procedures (option 4).

These options provide for a reduction in the borrowing need over approximately the asset's life.

As a result of guidance that was recently issued a review was undertaken during 2020/21 to move to the annuity method (option 3b).

Repayments included in annual PFI or finance leases are applied as MRP. The Authority has historically made Voluntary Revenue Provisions (VRP) of £772k.

## Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Authority's overall finances. The Authority is asked to approve the following indicators:

### Ratio of financing costs to net revenue stream – Indicator 7

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

%	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Ratios	1.17%	2.33%	3.11%	3.50%	4.04%

The estimates of financing costs include current commitments and the proposals in this budget report.

### Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Authority's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits.

The Authority is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2026/27 – Indicator 8		
	Lower	Upper
Under 12 months	0	15%
12 months to 2 years	0	25%
2 years to 5 years	0	50%
5 years to 10 years	0	60%
10 years and above	0	80%

**Appendix 2 - Interest rate forecasts**

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
<b>BANK RATE</b>	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
<b>3 month ave earnings</b>	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
<b>6 month ave earnings</b>	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
<b>12 month ave earnings</b>	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
<b>5 yr PWLB</b>	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
<b>10 yr PWLB</b>	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
<b>25 yr PWLB</b>	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
<b>50 yr PWLB</b>	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

PWLB forecasts are based on PWLB certainty rates

### **Appendix 3 – Economic Background**

The first half of 2025/26 saw:

- A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth, but picked up to 0.1% m/m in August before falling back by 0.1% m/m in September.
- The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.6% in September.
- CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.5%.
- The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August (and subsequently to 3.75% in December).
- The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70% (before falling back to 4.43% in early November).

From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q (subsequently revised down to 0.2% q/q). Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern. GDP growth for 2025 - 2028 is currently forecast by the Office for Budget Responsibility to be in the region of 1.5%.

Sticking with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK increased to 52.2 in October. The manufacturing PMI output balance improved to just below 50 but it is the services sector (52.2) that continues to drive the economy forward. Nonetheless, the PMIs suggest tepid growth is the best that can be expected in the second half of 2025 and the start of 2026. Indeed, on 13 November we heard that GDP for July to September was only 0.1% q/q.

Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. On a monthly basis, retail sales volumes rose 0.5%, defying forecasts of a 0.2% fall, following an upwardly revised 0.6% gain in August. Household spending remains surprisingly resilient, but headwinds are gathering.

Prior to the November Budget, the public finances position looked weak. The £20.2 billion borrowed in September was slightly above the £20.1 billion forecast by the OBR. For the year to date, the £99.8 billion borrowed is the second highest for the April to September period since records began in 1993, surpassed only by borrowing during the COVID-19 pandemic. The main drivers of the increased borrowing were higher debt interest costs, rising government running costs, and increased inflation-linked benefit payments, which outweighed the rise in tax and National Insurance contributions.

Following the 26 November Budget, the Office for Budget Responsibility (OBR) calculated the net tightening in fiscal policy as £11.7bn (0.3% of GDP) in 2029/30, smaller than the consensus forecast of £25bn. It did downgrade productivity growth by 0.3%, from 1.3% to 1.0%, but a lot of that influence was offset by upgrades to its near-term wage and inflation forecasts. Accordingly, the OBR judged the Chancellor was going to achieve her objectives with £4.2bn to spare. The Chancellor then chose to expand that headroom to £21.7bn, up from £9.9bn previously.

Moreover, the Chancellor also chose to raise spending by a net £11.3bn in 2029/30. To pay for that and the increase in her headroom, she raised taxes by £26.1bn in 2029/30. The biggest revenue-raisers were the freeze in income tax thresholds from 2028/29 (+£7.8bn) and the rise in NICs on salary-sacrifice pension contributions (+£4.8bn). The increase in council tax for properties worth more than £2.0m will generate £0.4bn.

The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nearly all the months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October 2024 Budget. The number of job vacancies in the three months to November 2025 stood at 729,000 (the peak was 1.3 million in spring 2022). All this suggests the labour market continues to loosen, albeit at a slow pace.

A looser labour market is driving softer wage pressures. The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.6% in September (still at that level in November). The rate for the private sector has slipped just below 4% as the year end approaches.

CPI inflation remained at 3.8% in September but dropped to 3.2% by November. Core inflation also fell to 3.2% by November while services inflation fell to 4.4%. Nonetheless, a further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.

An ever-present issue throughout recent months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the "Liberation Day" tariff announcement, and then easing back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended June at 4.50%.

More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves' future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK's fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England kept yields elevated over 4.70% although by late December had fallen back again to a little over 4.50%.

The FTSE 100 fell sharply following the "Liberation Day" tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 ended June at 8,761, around 2% higher than its value at the end of March and more than 7% above its level at the start of 2025.

Since then, the FTSE 100 has enjoyed a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and dovish signals from Fed Chair Powell. September proved more volatile and the FTSE 100 closed September at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors' global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings. In early November, the FTSE100 climbed to a record high just above 9,900. By late December, the index had clung on to most of those gains standing at 9,870 on 23 December.

### **MPC meetings: 8 May, 19 June, 7 August, 18 September, 6 November, 18 December 2025**

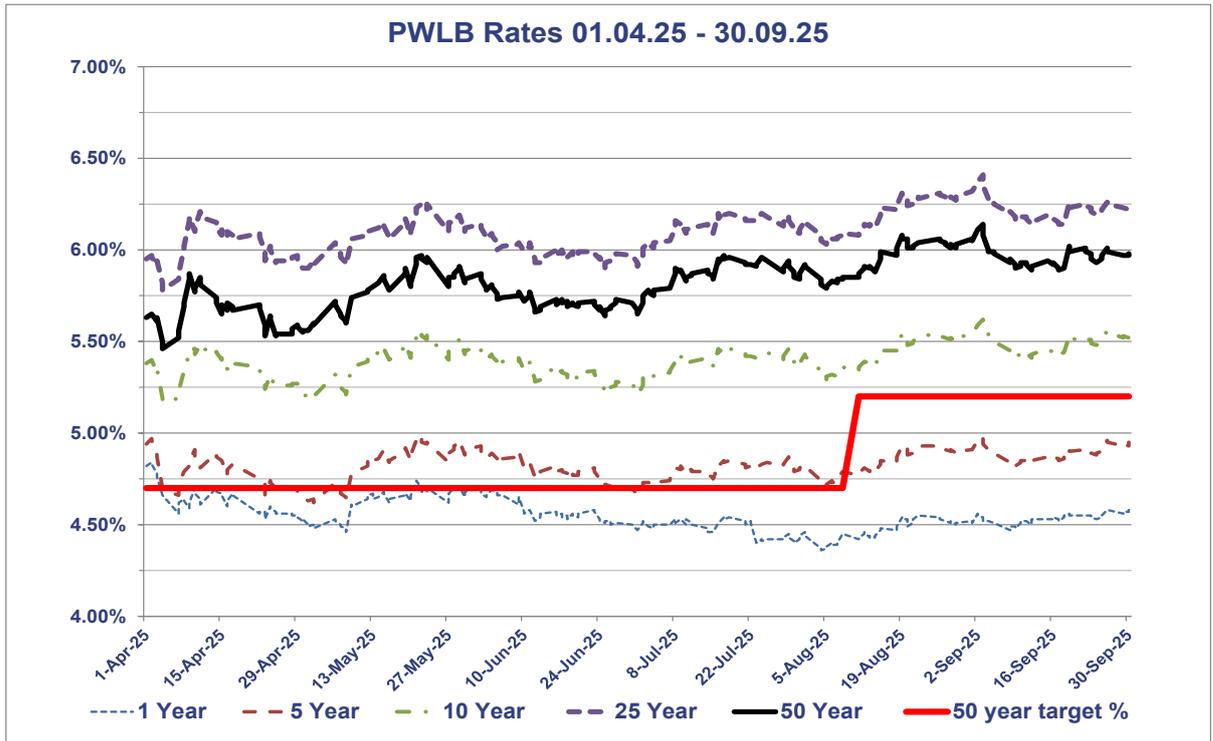
There were six Monetary Policy Committee (MPC) meetings held between April and December. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for "signs of weak demand", "supply-side constraints" and higher "inflation expectations", mainly from rising food prices. By repeating the well-used phrase "gradual and careful", the MPC continued to suggest that rates would be reduced further.

In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was "finely balanced" and reiterating that future rate cuts would be undertaken "gradually and carefully". Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC was wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.

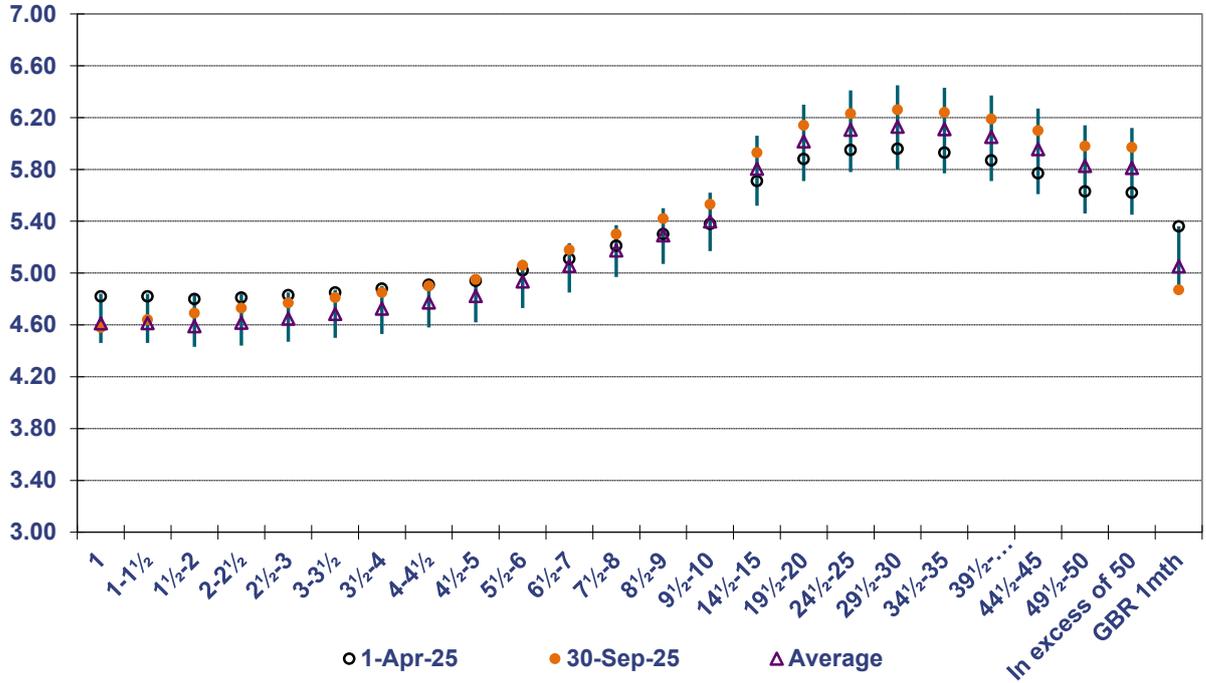
With wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction). Moreover, the Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that "a gradual and careful" approach to rate cuts is appropriate suggested the Bank still thought interest rates will fall further.

At the 6 November meeting, Governor Bailey was once again the deciding vote, keeping Bank Rate at 4% but hinting strongly that a further rate cut was imminent if data supported such a move. By 18 December, with November CPI inflation having fallen to 3.2%, and with Q2 GDP revised down from 0.3% q/q to only 0.2% q/q, and Q3 GDP stalling at 0.1%, the MPC voted by 5-4 to cut rates further to 3.75%. However, Governor Bailey made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect Bank Rate to next be cut in April.

**PWLB RATES 01.04.25 - 30.09.25**



**PWLB Certainty Rate Variations 01.04.25 to 30.09.25**



**HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.25 – 30.09.25**

	<b>1 Year</b>	<b>5 Year</b>	<b>10 Year</b>	<b>25 Year</b>	<b>50 Year</b>
<b>01/04/2025</b>	4.82%	4.94%	5.38%	5.95%	5.63%
<b>30/09/2025</b>	4.58%	4.95%	5.53%	6.23%	5.98%
<b>Low</b>	4.36%	4.62%	5.17%	5.78%	5.46%
<b>Low date</b>	04/08/2025	02/05/2025	02/05/2025	04/04/2025	04/04/2025
<b>High</b>	4.84%	4.99%	5.62%	6.41%	6.14%
<b>High date</b>	02/04/2025	21/05/2025	03/09/2025	03/09/2025	03/09/2025
<b>Average</b>	4.55%	4.82%	5.40%	6.11%	5.83%
<b>Spread</b>	0.48%	0.37%	0.45%	0.63%	0.68%

**Appendix 4****TREASURY MANAGEMENT PRACTICE – CREDIT AND COUNTERPARTY RISK MANAGEMENT****SPECIFIED INVESTMENTS:**

(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable)

	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies	F1	In-house

**Term deposits with nationalised banks and banks and building societies**

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
UK Part Nationalised Banks	UK sovereign rating or Short-term F1, Sovereign rating AA-	In-house	50%	364 days
Banks part nationalised by high credit rated (sovereign rating) countries – non-UK	Sovereign rating or Short-term F1, Sovereign rating AA-	In-house	50%	364 days

<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -</b>		
1. Money Market Funds	AAA rated	In-house

**Accounting treatment of investments.** The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Authority. To ensure that the Authority is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

**NON-SPECIFIED INVESTMENTS:** The Authority will not make investments longer than 1 year

## **TREASURY MANAGEMENT PRACTICE – CREDIT AND COUNTERPARTY RISK MANAGEMENT**

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Authority's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for authorities to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Authority to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Authority adopted the Code on 15/02/2010 and will apply its principles to all investment activity. In accordance with the Code, the Executive Director of Finance and S.151 Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

**Annual investment strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments;
- The principles to be used to determine the maximum periods for which funds can be committed;
- Specified investments that the Authority will use. These are high security (i.e. high credit rating, although this is defined by the Authority, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year;
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Authority is:

**Strategy guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

**Specified investments** – These investments are sterling investments of not more than one-year maturity. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, housing association, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's and / or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society For category 5 this covers bodies with a minimum Short Term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies .

Within these bodies, and in accordance with the Code, the Authority has set additional criteria to set the time and amount of monies which will be invested in these bodies.

**Non-specified investments** are any other type of investment (i.e. not defined as specified above). The Authority will not use these types of investments.

**The monitoring of investment counterparties** - The credit rating of counterparties will be monitored regularly. The Authority receives credit rating information (changes, rating watches and rating outlooks) from MUFG Corporate Markets as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Executive Director of Finance/S.151 Officer, and if required new counterparties which meet the criteria will be added to the list.

## **Appendix 5**

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the MUFG Corporate Markets credit worthiness service.

### ***Based on lowest available rating***

#### **AAA**

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

#### **AA+**

- Canada
- U.S.A.

#### **AA**

- Abu Dhabi (UAE)
- Finland
- Qatar

#### **AA-**

- U.K.

#### **A+**

- Belgium
- France

## **Appendix 6**

### **TREASURY MANAGEMENT SCHEME OF DELEGATION**

#### **Fire Authority**

- i. receiving and reviewing reports on treasury management policies, practices and activities;
- ii. approval of annual strategy;
  - approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
  - budget consideration and approval;
  - approval of the division of responsibilities;
  - receiving and reviewing regular monitoring reports and acting on recommendations;
  - approving the selection of external service providers and agreeing terms of appointment;
  - reviewing the treasury management policy and procedures and making recommendations to the responsible body.

**THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER**

**The S151 (responsible) officer**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe;
- ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above;
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:-
  - a. *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
  - b. *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*

- c. *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
- d. *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- e. *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

## CAPITAL STRATEGY

### 1. Introduction

- 1.1 There is a requirement on local authorities (including fire authorities) to prepare a capital strategy each year, which sets out our approach to capital expenditure and financing at a high level. The requirement to prepare a strategy arises from Government concerns about a small number of authorities borrowing substantial sums (relative to their budget) to invest in commercial property, often outside the area of the authority concerned.
- 1.2 There is also a requirement on local authorities to prepare an investment strategy, which specifies our approach to making investments other than day to day treasury management investments (the latter is included in our treasury management strategy, as in previous years). Given that HFA makes no such investments, a strategy has not been prepared.
- 1.3 This Appendix sets out the proposed capital strategy for approval.

### 2. Capital Expenditure

- 2.1 The Authority's capital expenditure plans are approved by the HFA, as part of the budget report each year.
- 2.2 The capital programme is usually restricted to:-
- b) Investment in operational buildings – e.g. fire stations and administrative offices;
  - c) Renewal of operational fleet;
  - d) New and replacement firefighting equipment;
  - e) Investment in ICT.
- 2.3 The Authority's Constitution sets out the delegations to the Chief Fire Officer & Chief Executive on the delivery of the capital programme.
- 2.4 Capital expenditure on **buildings**, where funded from the capital programme, is principally directed to maintaining the fitness of the operational estate. Major property investments are considered as part of the overall estates strategy and are approved annually at the November HFA meeting.
- 2.5 Expenditure on the **renewal of the fleet** is directed by the replacement programme approved by the HFA. This is considered and approved each year at the November HFA meeting.
- 2.6 Capital expenditure on **firefighting equipment** ensures equipment is replaced when it has reached the end of its useful life or has become technologically obsolescent. It also enables the Service to invest in new technology.
- 2.7 Capital expenditure on **ICT** is determined by the ICT replacement programme which is approved annually at the November HFA meeting.
- 2.8 Monitoring of capital expenditure is carried out by the Strategic Leadership Team; Governance, Audit and Scrutiny Committee and the HFA. Reports are presented on four occasions during the year and at outturn.
- 2.9 HFA does not capitalise expenditure, except where it can do so in compliance with proper practices: it does not apply for directions to capitalise revenue expenditure.

## 2.10 Forecast capital expenditure is:-

<b>End of:</b>	<b>£000</b>
25/26	8,437
26/27	9,153
27/28	5,076
28/29	11,957
29/30	9,823

**3. Financing of Capital Expenditure**

- 3.1 HFA funds capital expenditure from the revenue budget, capital receipts and prudential borrowing.
- 3.2 Prudential borrowing is used to fund capital expenditure, within the limits prescribed within the Annual Treasury Management Strategy Statement. This is reviewed annually for affordability.
- 3.3 HFA measures its capital financial requirement, which shows our underlying need to borrow for a capital purpose. This is shown in the table below:-

<b>End of:</b>	<b>Underlying CFR</b>	<b>Other LTL</b>	<b>Total CFR</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
26/27	30,174	1,020	31,194
27/28	32,357	990	33,347
28/29	40,285	957	41,242
29/30	46,402	922	47,324

- 3.4 Projections of actual debt are part of the treasury management indicators in the Annual Treasury Management Strategy Statement.

**4. Debt Repayment**

- 4.1 HFA makes charges to the budget each year to repay debt incurred for previous years' capital spending. This is known as "Minimum Revenue Provision" (MRP). The general principle is that HFA seeks to repay debt over the period for which taxpayers enjoy the benefit of the spending it financed. MRP is calculated as:
- 4% of the CFR at the end of the preceding financial year; and
  - Based on the useful asset life using the annuity method

**5. Commercial Activity**

- 5.1 Government guidance now requires us to specify our policy towards non-financial investments.
- 5.2 HFA makes no such investments.

	<b>Agenda Item No. 8</b>
<b>Governance, Audit and Scrutiny Committee 16 March 2026</b>	<b>Report by the Head of Organisational Development</b>

<b>Equality, Diversity and Inclusion</b>
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## **1. SUMMARY**

- 1.1 This report provides an overview of progress within Equality, Diversity and Inclusion (EDI) following a scrutiny request from the Committee, which asked for detailed updates on three key areas: Equality Impact Assessments (EIAs), EDI Priorities, and Staff Forum Groups.
- 1.2 Significant progress has been made since EDI responsibilities transferred to Corporate Assurance and a dedicated EDI Officer was appointed. This has resulted in a strengthened and more consistent EIA process, improved quality assurance, enhanced use of Assurance Monitoring S for monitoring, and new guidance to build staff understanding and confidence. Staff forum groups have also been revitalised, with renewed governance, stronger links to SLT Equality Ambassadors and increased activity across four active networks.
- 1.2 The Service has refreshed its statutory EDI priorities for 2025–2029 and developed a supporting 12-month delivery plan to ensure actions are aligned with organisational strategy. Work will now focus on improving quantifiable measurement of progress to support transparency, evidence-based decision-making and organisational accountability. Additional developments, including the establishment of the EDI Committee, a comprehensive EDI Hub on SharePoint, and the transition of the EDI Officer role to a permanent position, demonstrate sustained commitment to embedding inclusion and driving positive cultural change across the Service.

## **2. RECOMMENDATION**

- 2.1 It is recommended that the GAS Committee, through this report, provides assurance to the Fire Authority that the Service’s progression of Equality, Diversity and Inclusion (EDI) is performing well.

## **3. BACKGROUND**

- 3.1 The transition of EDI (Equality, Diversity, and Inclusion) responsibilities from the Corporate Assurance department to Organisational Development, along with the temporary appointment of an EDI officer, aims to enhance EDI processes and ensure better integration of EDI principles into Fire Service working practices.
- 3.2 This strategic move is designed to provide a more structured and accountable framework for EDI initiatives, fostering a more inclusive and equitable environment within the Fire Service. The temporary EDI officer will focus on refining existing processes, identifying areas for improvement, and embedding EDI considerations into all aspects of the organisation’s operations.

## **4. REPORT DETAIL**

- 4.1 This report focuses on three key areas of Equality Diversity and Inclusion in Humberside Fire and Rescue: Equality Impact Assessments, EDI Priorities, and Staff Forum Groups. It also gives a brief overview of other progress points which have occurred alongside the requested areas of scrutiny.

## **Equality Impact Assessments (EIAs)**

- 4.2 Before the EDI Officer was appointed, managers completed Equality Impact Assessments (EIAs) and submitted them to the Organisational Development team. Due to limited capacity, the team was unable to carry out thorough quality assurance, and EIAs were simply logged on a spreadsheet.
- 4.3 Responsibility for EIAs transferred to the EDI Officer within Corporate Assurance in October 2024, leading to a more structured and effective process. Key improvements include:
- Updating the EIA form to emphasise collaboration, consultation with minoritised groups, and consideration of impacts beyond the standard protected characteristics.
  - Introducing a screening tool to identify when a full EIA is not required.
  - Implementing formal quality assurance, with the EDI Officer reviewing each EIA and offering tailored feedback and support.
  - Moving submissions to the AMS task management system, enabling improved tracking, trend analysis, and links to wider organisational workstreams.
  - Requiring action plans to be submitted and assigned through AMS, ensuring clear ownership of follow-up actions.
  - Creating guidance materials to support staff in understanding the purpose of EIAs, their importance, and how to complete and submit them via AMS.

## **Review of the changes to EIAs**

### Improved Process and Criteria

- 4.4 The redesign of the EIA form placed greater emphasis on collaboration and consultation, particularly with minoritised groups. This widens the scope beyond the standard protected characteristics and encourages more nuanced analysis of potential impacts. The introduction of a screening tool has added proportionality, ensuring that full EIAs are only conducted when genuinely necessary – this has a positive effect on both capacity management and efficiency, as well as staff buy in as we avoid EIA burnout.

### Quality Assurance and Support

- 4.5 All EIAs now undergo structured quality assurance by the EDI Officer, who provides feedback, guidance, and opportunities for improvement. This ensures assessments are more consistent, evidence-based and comprehensive in considering all impacts on people.

### Enhanced Systems and Monitoring

- 4.6 Moving the EIA workflow into the AMS task management system has significantly strengthened oversight. EIAs and their subsequent actions, can now be monitored, tracked, linked to wider organisational workstreams, and used to produce trend analysis. Staff have increased clarity on who owns specific actions with a positive effect on completion.

### Staff Capability and Understanding

- 4.7 New resources have been created to help staff understand the purpose of EIAs, how to conduct them effectively, and how to use the AMS platform. The resources themselves are available in various formats to support all learning styles, including the offer of the EDI Officer supporting in person. This supports the recommendation for increased staff competence and confidence in completing EIAs.

## Foundations for Ongoing Review and Continuous Improvement

- 4.8 The improved workflow, combined with quality assurance and action-tracking features, establishes a system capable of regular review and ongoing updates. This creates the conditions needed to monitor the effectiveness of EIAs and ensure they result in meaningful, positive organisational change.

### **Plans for further improvements**

#### Quality Assurance Improvements

- 4.9 In the first quarter of the year, the organisation will introduce an Equality Impact Assessment Review Board, to strengthen the quality and accuracy of assessments. This board will include colleagues from a range of service areas who will review new EIAs and provide informed, multi-disciplinary feedback. The change will address a key limitation of the current process, where a single EDI Officer conducts quality assurance. Given the specialist nature of many EIA's, some are difficult for one reviewer to fully interpret. The Review Board will improve consistency, enhance subject-matter insight and ensure EIAs more effectively identify and mitigate equality impacts.

### **EDI Priorities**

- 4.10 The Service has a duty under the Equality Act 2010 to set and publish equality objectives which are reviewed every four years. The latest review and consultation happened in late 2024, with the new objectives/priorities going into effect in March 2025. These priorities are designed not only to reflect organisational values but also to demonstrate how the Service meets its obligations under the Public Sector Equality Duty (PSED), namely, to eliminate discrimination, advance equality of opportunity, and foster good relations both within the workforce and in our work with communities. Currently our priorities, and how they link to the PSED, are as follows:

#### **(1) Lead by example on equality**

- a. **Eliminates discrimination** by ensuring leaders model inclusive behaviours, set clear expectations, and embed equality considerations into decision-making, policy development and service delivery.
- b. **Advances equality of opportunity** through visible leadership commitment, giving permission and direction for staff to challenge poor practice and embed equitable processes.
- c. **Fosters good relations** by promoting transparency, respectful communications and a culture where diverse voices are heard and valued.

#### **(2) Increase workforce diversity**

- a. **Eliminates discrimination** by identifying and removing barriers in recruitment, progression and retention, ensuring fair treatment for applicants and staff from all backgrounds.
- b. **Advances equality of opportunity** through targeted actions (e.g. outreach, data-driven interventions, inclusive recruitment practices, staff networks) focused on groups currently under-represented in the Service
- c. **Fosters good relations** by building a workforce that better reflects the communities served, strengthening trust, understanding and representativeness.

#### **(3) Foster a safe, fair and engaged workplace that benefits our community workforce.**

- a. **Eliminates discrimination** by ensuring all staff feel safe to speak up, report concerns and participate fully in their roles without fear of harassment or victimisation.
- b. **Advances equality of opportunity** through improved workplace culture, fair access to development, and support mechanisms that enable all staff to thrive.

- c. **Fosters good relations** by creating an environment where diverse groups work collaboratively, share experiences and contribute to a positive culture that strengthens community impact.

#### Review of EDI Priority Progress

- 4.11 The organisation's Equality, Diversity and Inclusion (EDI) priorities are closely aligned with its overarching strategic aims, ensuring that EDI is embedded in both operational delivery and long-term organisational development. By aligning these priorities with the PSED, the Service can evidence how its actions and decision-making continue to support fair treatment, equitable outcomes and improved relationships among different groups. These priorities are monitored through their integration into the EDI Committee Action Tracker, the EDI Officer's Action Tracker, and the wider EDI Activity Forms completed by staff across the service. This coordinated approach provides visibility, accountability and alignment across all levels of the organisation.
- 4.12 The EDI Officer has also developed a 12-month plan outlining key goals and workstreams aligned to each specific EDI action. A draft of this plan was shared with SLT and the EDI Committee to ensure early engagement and constructive feedback. Their input helped refine the priorities, strengthen the proposed approach, and reinforce organisational commitment to delivering meaningful progress. The finalised plan is now available for all staff within the EDI Hub on SharePoint. Progress will be monitored through the EDI Committee, with outcomes reflected in the annual EDI Report.
- 4.13 All EDI initiatives continue to be designed to support the organisation's strategic objectives, ensuring they provide measurable value to service delivery, workforce culture and community impact. This approach also enables the Service to clearly demonstrate how each initiative contributes to fulfilling the Public Sector Equality Duty, by linking actions across multiple trackers, the organisation can clearly demonstrate how each initiative contributes to progress against wider corporate goals.

#### **Plans for further improvement**

- 4.14 Over the coming year, we plan to improve how we measure progress by developing clearer, more quantifiable metrics that link directly to our EDI priorities. This will help us track change more effectively and ensure our work is evidence-based. This will involve creating a small but meaningful set of EDI indicators, improving the way we collect and analyse data, and integrating these measures into our action trackers and reporting cycles. Strengthening our approach in this way will give us better insight into what is working well, highlight areas that need additional focus, and support more transparent communication with staff, stakeholders and the public. Ultimately, these improvements will help us demonstrate real, measurable progress and ensure our EDI work continues to drive positive cultural and organisational change.

#### **Staff Forum Groups**

- 4.15 Staff forum groups provide a supportive space for employees who share certain elements of their identity, or are allies, to connect, share experiences and raise issues safely. They strengthen representation by giving staff a collective voice that can inform organisational decisions, policies, and EDI work. These groups also promote cultural awareness, improve staff engagement, and help the organisation identify barriers and solutions it may not otherwise see. They play a key role in creating a more inclusive, informed and responsive workplace.
- 4.16 When the EDI Officer came into post, several of the staff forums had paused their activity or disbanded entirely. Through renewed support and coordination, four staff groups are now active and progressing well:

1. **Age Forum** – Focused on age equality, exploring how age-related factors impact staff and identifying best practice. The group also provides a safe space to discuss lived experience. It has been running for the last two years.
2. **Voices for Women** – A space for dialogue, support and action on issues affecting women in the workplace and beyond. It was relaunched in January 2026 with a new chair and refreshed focus.
3. **Ethnicity and Heritage Group** – A supportive network promoting racial equality, cultural awareness and a strong sense of belonging across the organisation. Launched in summer 2025.
4. **Neurodiversity Group** – A group dedicated to improving support for neurodivergent staff, gathering feedback on organisational processes and offering peer support. Its official launch is scheduled for March 2026.

### **Review of Staff Forum progress**

- 4.17 The EDI Officer has worked closely with each Forum Chair to review or develop clear Terms of Reference, setting out the purpose, objectives, governance arrangements, meeting structures and expectations for each group. This ensures every staff forum has well-defined aims and clear operational guidelines, providing a strong foundation for meaningful and sustainable activity. Renewed relationships have also been established between Forum Chairs and their respective SLT Equality Ambassadors. Regular meetings throughout the year maintain open dialogue, offer ongoing support, and ensure that issues raised within the forums can be escalated appropriately. A dedicated meeting for all Forum Chairs to meet collectively with the Chief further strengthens access to senior leadership and reinforces the organisation's commitment to listening to staff voices.
- 4.18 Each Staff Forum Group Chair has a standing agenda item at every EDI Committee meeting. This creates a consistent mechanism for inclusive engagement and ensures that forum members' experiences are represented when shaping policies, procedures and organisational change. The structure also supports the use of feedback from staff forums to inform EDI practices, helping to ensure that lived experience directly influences improvement work across the organisation. Together, these approaches ensure that the forum groups operate as safe, supportive spaces where staff can engage openly and that their insights contribute meaningfully to decision-making at all levels.

### **Plans for further improvement**

- 4.19 Attendance at Staff Forum Groups remains relatively low compared to the overall size of the organisation, with particularly limited engagement from operational staff. Discussions are underway with each Forum Chair and relevant teams to explore how participation can be improved and how barriers to involvement can be reduced. One initiative being developed is a dedicated event for International Staff Networks Day, which will showcase the purpose and achievements of the forums, highlight the benefits of joining, and encourage wider staff participation. Additional approaches, such as targeted communications, manager briefings, and local engagement sessions, are also being considered to strengthen visibility and increase membership across all areas of the organisation.

### **Summary of other key areas of improvement in EDI.**

- (1) The EDI Committee, established in April 2025 and meeting quarterly, brings together decision makers and staff who are passionate about equality, diversity and inclusion. Since its launch, the group has made significant progress in engaging staff on EDI matters and in developing and advancing EDI actions across the service.
- (2) EDI now has a dedicated space on SharePoint, featuring pages on Equality Impact Assessments (EIAs), the EDI Committee, Staff Groups, EDI Resources, Quarterly Awareness Newsletters, the EDI Handbook for new starters, SLT

Equality Ambassadors and the EDI Calendar. This accessible site now acts as a one-stop shop for all EDI matters, improving visibility, supporting staff to easily find key information, and strengthening our overall approach to embedding EDI across the service.

- (3) The SLT Equality Ambassador role has been refreshed and relaunched. Each Ambassador now has a defined area of focus linked to a specific protected characteristic or other aspect of difference. They champion inclusion, advocate for their focus area, listen and engage with staff, and represent the Service internally and externally at equality-focused events and initiatives. This strengthened approach ensures that EDI has visible leadership at senior levels, creates clearer accountability, and helps embed inclusion more consistently across teams and decision-making.
- (4) The EDI Officer role has been made permanent and moved into the Organisational Development team, ensuring that the service has sustained leadership, coordination and expertise to drive forward equality, diversity and inclusion work. This continuity enables long-term planning, consistent delivery of actions and ongoing support for staff and managers in embedding EDI into everyday practice.

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## 5. EQUALITY, DATA PROTECTION AND RISK IMPLICATIONS

- 5.1 There is no requirement to carry out an Equality Impact Assessment (EIA) and/or Data Protection Impact Assessment (DPIA) as this report does not relate to a policy or service delivery change or involves the processing of personal data.
- 5.2 Having considered the subject matter, it is confirmed that the risk implications are minimal and are effectively managed through established governance and operational controls; accordingly, no specific treatment or entry on the Risk and Opportunity Register is required.

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## 6. CONCLUSION

- 6.1 The progress made across Equality Impact Assessments, EDI priorities and Staff Forum Groups reflects a period of meaningful development for Humberside Fire and Rescue Service, delivered in direct response to the scrutiny request from the Committee. Strengthened governance, improved processes and revitalised staff engagement demonstrate a clear organisational commitment to embedding EDI into everyday practice. With the transition of the EDI Officer role to a permanent position and the establishment of key structures such as the EDI Committee and EDI Hub, the foundations for long-term cultural change are now firmly in place.
- 6.2 Looking ahead, the Service is well positioned to build on this momentum. The planned introduction of more robust performance metrics, the creation of the EIA Review Board and continued support for staff networks will further enhance transparency, accountability and inclusion. Collectively, these actions ensure that EDI remains a central part of strategic planning and operational delivery, supporting the Service's goal of creating a fair, safe and inclusive environment for all staff and the communities it serves.

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## Background Papers

None

## Glossary/Abbreviations

DPIA	Data Protection Impact Assessment
EDI	Equality Diversity and Inclusion
EIA	Equality Impact Assessment
PSED	Public Sector Equality Duty

	<b>Agenda Item No. 9</b>
<b>Governance, Audit and Scrutiny Committee 16 March 2026</b>	<b>Report by the East Riding District Manager</b>

<b>Grenfell Tower Inquiry Phase 2 Report</b>
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## **1. SUMMARY**

- 1.1 Phase 2 of the Grenfell Tower Inquiry (GTI) was completed following a four-year examination into the Grenfell Tower tragedy of 2017. The final Phase 2 report was published on 4 September 2024 and contained 58 recommendations aimed at strengthening fire safety, regulatory oversight, emergency preparedness, and sector wide capability.
- 1.2 This paper provides a comprehensive update for the Committee on the implications of the Phase 2 report for Humberside Fire and Rescue Service (HFRS). It details the progress the Service has made since the Inquiry's publication, and integrates independent assurance drawn from the recent National Fire Chiefs Council (NFCC) Grenfell Workshop hosted by HFRS.
- 1.3 The report also outlines the position of HFRS within the wider national context through the GTI progress tracker, demonstrating that the Service has completed all recommendations applicable to fire and rescue services and continues to align its work with emerging national practice. HFRS has embraced the learning from the Inquiry, has implemented the required actions, and is well positioned to maintain compliance and continual improvement in the years ahead.

## **2. RECOMMENDATION**

- 2.1 It is recommended that the Committee:
  - (i) Provides assurance to the Fire Authority that the Service has completed all relevant actions arising from the Phase 2 report of the Grenfell Tower Inquiry.
  - (ii) Notes the findings of the NFCC workshop, which confirmed the strength of the Service's arrangements and identified only a small number of development opportunities that the Service is already addressing.

## **3. BACKGROUND**

- 3.1 The tragic events at Grenfell Tower on 14 June 2017 resulted in 72 deaths. In the days that followed, a public inquiry was established, chaired by Sir Martin Moore-Bick, with Phase 1 examining the events of the night and Phase 2 examining the broader systemic causes that allowed such catastrophic fire spread.
- 3.2 Specifically, phase 2 investigated the refurbishment of Grenfell Tower, the design and testing of cladding materials, building control processes, housing management arrangements, Government oversight, emergency planning, and the operational readiness of the London Fire Brigade (LFB). Its findings have significant implications not only for London but for all fire and rescue services across the country.
- 3.3 While many of the failings identified were specific to the circumstances at Grenfell, the Inquiry emphasised the need for every service to examine its own preparedness, organisational learning, control room arrangements, operational planning, and staff competence. HFRS had already undertaken substantial work following Phase 1, including enhancements to operational equipment, breathing apparatus communications, operational command training, and high rise firefighting procedures.

Phase 2 has enabled the Service to build on that foundation, ensuring that all nationally identified improvements are reflected locally.

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#### **4. REPORT DETAIL**

- 4.1 The Phase 2 report contains 58 recommendations. Of these, 12 recommendations are directly relevant to fire and rescue services (including recommendations to HMICFRS and NFCC), while a further two have potential implications for HFRS—one concerning the definition of high-risk buildings within the Building Safety Act and another relating to fire engineering competence.
- 4.2 This report reflects a full assessment of each relevant recommendation which has been carried out, and the actions taken to ensure that the Service is aligned with the Inquiry's findings.
- 4.3 The Inquiry identified concerns regarding the availability, standardisation, and use of firefighter lift control keys, as well as the reliability and power of BA and fireground communications equipment. HFRS has undertaken significant work to assure itself that all equipment used locally meets operational requirements.
- 4.4 Firefighter lift control keys are available on all frontline appliances, with specialist keys stored in Premises Information Boxes to support nonstandard lift designs in high rise premises. These are checked regularly as part of established assurance processes, and there have been no issues identified through the Service's monitoring mechanisms.
- 4.5 Fireground radios used by HFRS are digital and high powered, supporting effective communication in challenging environments, including high rise buildings with complex internal structures. While intrinsically safe radios are available for use in risk specific situations such as hazardous materials incidents, they are not required as part of core BA communications and do not limit operational performance. The Service maintains a fleet of handheld digital radios distributed across appliances, ensuring that crews are equipped with effective communications capability at all operational incidents.
- 4.6 The Inquiry placed significant emphasis on training and competence across areas such as communications, water supply, hydrant operation, situational awareness, and BA deployment. HFRS provides training that is aligned to National Operational Guidance and includes practical application, scenario based learning, and structured revalidation.
- 4.7 All operational staff receive training on how to manage the loss of communications and restore systems while maintaining operational situational awareness. Water supply and hydrant training is delivered within firefighter development programmes and includes methods available for officers to increase pressure and flow rates in collaboration with water undertakers.
- 4.8 Dynamic risk assessment remains the foundation of firefighter decision making within HFRS, supported by clear training and supervision, ensuring that crews understand when discretion is required and when to adhere strictly to instructions. This aligns with national considerations arising from the Inquiry around firefighter discretion.
- 4.9 As part of a national NFCC initiative to monitor compliance and promote best practice, Services were invited to hold workshops. We proactively volunteered to hold a workshop, allowing the NFCC to assess our position. The NFCC workshop highlighted HFRS's strong integration of national guidance and effective local adaptation to risks. Feedback received was that the service is in a good position regarding the implementation of GTI Phase 2 recommendations.

- 4.10 Effective relationships with statutory water undertakers are essential to ensuring water availability during operational incidents. HFRS maintains formal protocols with both Yorkshire Water and Anglian Water, supported by quarterly liaison meetings. These arrangements ensure effective, timely communication between Fire Control and undertakers during incidents requiring enhanced water supply, and work is ongoing to refresh Memoranda of Understanding to reflect evolving expectations.
- 4.11 This further builds on the formal and established connection between Humberside Fire and Rescue Service and water companies through the Humber Local Resilience Forum (LRF). As Category 2 responders, water companies support planning, intelligence and recovery operations, including supporting a multi agency response when water infrastructure is involved.
- 4.12 Control room performance was a prominent area of focus in the Inquiry, with concerns raised regarding the ability to manage multiple simultaneous calls, high rise incidents, and information flow during complex emergencies. HFRS has undertaken significant work to strengthen its Control function.
- 4.13 Control staff benefit from structured development, including attendance at incident command training for supervisors to improve operational awareness. The Service has adopted a range of new technologies, including AI based simulation tools that support realistic scenario-based training.
- 4.14 HFRS has fully adopted NFCC Fire Control Guidance and the Fire Standards. The Control Room is also fully live with MAIT, enhancing information exchange with emergency service partners. MAIT *WEB* and MAIT *INTEGRATED* is being implemented within the new Vision 5 control system as part of the current Control 25 project. Multiagency and tall building exercises continue to reinforce capability in handling complex and concurrent calls, large scale building evacuation methods, and communication with incident commanders.
- 4.15 The Inquiry emphasised the necessity for services to maintain accurate, accessible operational risk information. HFRS utilises CFRMIS for storing Site Specific Risk Information (SSRI), which is available to all operational staff through Mobile Data Terminals and Flash App available on both tablet and mobile phone devices.
- 4.16 Quality assurance processes ensure accuracy and currency of risk information, and training on effective SSRI completion forms part of operational development. High risk residential buildings have been identified through risk intelligence and the Risk Based Inspection Programme, ensuring that risk information is kept up to date and proportionate to need.
- 4.17 HFRS has adopted NFCC guidance for the validation and revalidation of incident commanders. All command qualified personnel undergo biennial revalidation supported by external quality assurance, including SFJ accredited training and CPD requirements. This demonstrates strong alignment with the expectations of the Inquiry and national guidance.
- 4.18 The Inquiry found significant organisational learning failures at LFB. HFRS has a well-established Organisational Learning (OL) function supported by the Assurance Monitoring System and a dedicated OL Board. The Service has embedded learning principles that emphasise reflective practice, ethical leadership, transparency, and evidence-based improvement. The NFCC workshop considered this one of HFRS's strongest areas of practice, noting the maturity of the Service's learning culture, the use of technology to support learning, and the integration of lessons into policy, training, and assurance activity.

## **Legal Implications**

- 4.19 The recommendations arising from the Inquiry intersect with the Fire Safety Order, the Building Safety Act, the Civil Contingencies Act, and building regulations. HFRS continues to participate in national and regional forums to ensure alignment with statutory changes and sector developments. Compliance with these frameworks remains integral to the Service's operations.

## **Linkages To Strategic Plan**

- 4.20 The outcomes of this report support the delivery of the HFRS Strategic Plan, particularly the areas relating to operational response, firefighter competence, organisational learning, risk reduction, and protection activity. The work undertaken contributes directly to reducing fire related harm, improving preparedness, and strengthening public safety.

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## **5. EQUALITY, DATA PROTECTION AND RISK IMPLICATIONS**

- 5.1 The Inquiry highlighted disproportionate impacts on communities with protected characteristics, particularly residents from BAME backgrounds. As part of its ongoing work, HFRS will undertake Equality Impact Assessments, and where necessary Data Protection Impact Assessments, to ensure that any changes in policy or practice resulting from GTI2 have a positive impact on equality and do not inadvertently disadvantage vulnerable groups.
- 5.2 Having considered the subject matter, it is confirmed that the risk implications are minimal and are effectively managed through established governance and operational controls; accordingly, no specific treatment or entry on the Risk and Opportunity Register is required.

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## **6. CONCLUSION**

- 6.1 The Service has completed all relevant actions arising from Phase 2 of the Grenfell Tower Inquiry. The NFCC workshop has provided external assurance that the Service has strong arrangements in place and is operating at a high level of compliance and maturity across the recommendations.
- 6.2 The Service will continue to collaborate regionally and nationally, maintain effective governance, and ensure that learning from the Inquiry continues to inform its policy, training, and operational arrangements.

**Dominic Purchon**  
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### **Background Papers**

Grenfell Tower Inquiry Phase 2 – Volumes I – VII  
NFCC Grenfell Phase 2 Tracker HFRS

## Glossary/Abbreviations

GTI	Grenfell Tower Inquiry
HMICFRS	His Majesty's Inspectorate of Constabulary and Fire and Rescue Services
LFB	London Fire Brigade
LRF	Local Resilience Forum
MAIT	Multi Agency Incident Transfer
NFCC	National Fire Chiefs Council
OL	Organisational Learning
SSRI	Site Specific Risk Information