



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

FINANCE AND RESOURCES COMMITTEE OUTCOMES

Report of the Chair of the
Finance and Resources Committee

Agenda No:

Date: 25 February 2011

Purpose of Report:

To report to Members on the business and actions of the Finance and Resources Committee meeting of Friday 14 January 2011.

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1. BACKGROUND

As part of the revised Governance arrangements the Authority has delegated key responsibilities for Finance and Resources to the Finance and Resources Committee. As part of those delegated responsibilities, the Chair of the Finance and Resources Committee and the Management lead report to the Authority on its business and actions as agreed at Fire and Rescue Authority meeting on 1 June 2007.

2. REPORT

- 2.1 The minutes of the Finance and Resources Committee held on Friday 14 January 2011 are attached to this report at Appendix A. The following summarises the main points of the papers discussed at the meeting.
- 2.2 Consideration was given to a report outlining the budget proposals for 2011/12 to 2014/15 and options for Council Tax. Following lengthy discussion it was resolved:
- that the proposed capital and revenue budgets for the period 2011/12 to 2014/15 for presentation to the Fire Authority at their meeting on 25 February 2011 be approved;
 - that the Fire Authority be recommended to accept the Government's Council Tax freeze grant of 2.5% per annum for the next 4 years;
 - that no consideration be given at this time as to whether to vary the Council Tax assumptions in 2013/14 and 2014/15 to assist with the predicted budget shortfalls;
 - that it be noted that the Chief Fire Officer would submit a report to the Policy and Strategy Committee regarding the Regional Fire Control Project.
- 2.3 The Audit Commission attended the meeting in respect of the next two reports presented to the Committee namely, the Annual External Audit Plan 2010/11 (which was noted), and the Annual Audit Letter. As a result of discussion around the Annual Audit Letter it was resolved:
- that the findings and conclusions of the Auditors, contained within the Auditors' letter be accepted, in particular the following recommendations:
 - continue to collaborate with partners to address financial and performance management challenges and to explore new and innovative ways of working;
 - ensure that current financial and performance management arrangements were strong enough to respond to the significant financial and delivery challenges faced by the Fire Service and the wider public sector;

- develop and regularly update financial models, as far as practicable, the impact of decisions around the Regional Control Centre and Fire Futures Project using 'best case,' 'worst case,' and 'most likely' scenarios;
- that Neil Timms, Sue Cornish and all the audit and financial staff be thanked for their excellent work.

2.4 Capital Budget Monitoring to 30 November 2010 was the focus of a further report to the Committee, which detailed variances against the original 2010/11 budget. It was resolved:

- that the variances against the original budget 2010/11 be noted;
- that now that the construction of Carlton Fire Station had been completed, Carlton House, which had been occupied by the contractors during the building period, be sold for the best price it was possible to achieve;
- that the saving accrued on the purchase of volt charging units be utilised as follows -
 - £27,000 for a new fuel tank at Tuxford Fire Station;
 - £8,000 for the purchase of tyre compressors for the new Scania fire appliances.

2.5 The remaining three reports presented to the Committee were in respect of revenue monitoring to 30 November 2010, efficiency saving and prudential code monitoring to 30 November 2010. All three reports were noted.

3. FINANCIAL IMPLICATIONS

All of the reports considered by Finance and Resources Committee on 14 January 2011 were finance related. However, there were no significant financial implications arising from those reports.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

All human resources and learning and development implications were considered as part of the original reports submitted to the Finance and Resources Committee.

5. EQUALITY IMPACT ASSESSMENT

An initial equality impact assessment has identified no specific aspects relating to a disproportionate effect in respect of the key equality strands.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising directly from this report.

8. RISK MANAGEMENT IMPLICATIONS

There are no additional risk management issues arising from this report other than those specifically reported to the Committee as part of the reports under consideration.

9. RECOMMENDATIONS

That Members note the contents of this report and the business undertaken by the Finance and Resources Committee.

10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Councillor Penny Griggs
CHAIR OF FINANCE AND RESOURCES COMMITTEE

APPENDIX A



NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY

FINANCE AND RESOURCES COMMITTEE

MINUTES

of meeting held on **14 JANUARY 2011** at Fire and Rescue Service Headquarters, Bestwood Lodge from 2.00 pm to 3.15 pm.

Membership

Councillor P Griggs (Chair)
Councillor V Bobo
Councillor A Foster
Councillor T Pettengell
Councillor M Wood

Members absent are marked ^

Present as observers – Councillors Cooper and Pulk.

18 DECLARATIONS OF INTERESTS

No declarations of interests were made.

19 MINUTES

RESOLVED that the minutes of the last meeting held on 15 October 2010, copies of which had been circulated, be confirmed and signed by the Chair.

20 BUDGET PROPOSALS 2011/12 TO 2014/15 AND OPTIONS FOR COUNCIL TAX

Consideration was given to a report of the Chief Fire Officer, copies of which had been circulated, regarding the recent grant settlement and its likely impact upon revenue budgets over the next 4 years.

During a lengthy discussion the following points were made;

- § the use of approximately £4 million from existing balances and reserves to support the capital programme would leave £3.4 million which was considered to be in line with the risk assessment as to the levels it was proposed to hold. This use of reserves and balances would deliver revenue savings;
- § the effects of scrapping the Regional Fire Control Project were currently unclear and it was therefore considered prudent to set aside £750,000 as an earmarked reserve to act as a contingency to respond to a range of options that would need to be developed to replace the existing Fire Control systems. A further £200,000 was available, and the Chief Fire Officer was confident that any costs could be met from these sums;
- § the Fire Cover review could produce savings of up to £1.2 million;
- § most of the actual revenue cuts came under the general description of 'further reductions' and whilst at the current time it was not possible to put concrete figures to these reductions the Chief Fire Officer was confident that the figures sought would be achieved;
- § the proposed budget was only balanced in 2011/12 and 2012/13 and would fall into deficit in the next 2 years. If the deficit was to be made up from increases in Council Tax rather than further budget cuts, these increases would be 4.25% and 5.7% respectively. Other options above 2.5% were available

RESOLVED

- (1) that the proposed capital and revenue budgets for the period 2011/12 to 2014/15 for presentation to the Fire Authority at their meeting on 25 February 2011 be approved;**
- (2) that the Fire Authority be recommended to accept the Government's Council Tax freeze grant of 2.5% per annum for the next 4 years;**
- (3) that no consideration be given at this time as to whether to vary the Council Tax assumptions in 2013/14 and 2014/15 to assist with the predicted budget shortfalls;**
- (4) that it be noted that the Chief Fire Officer would submit a report to the Policy and Strategy Committee regarding the Regional Fire Control Project.**

21 ANNUAL EXTERNAL AUDIT PLAN 2010/11

John Cornett and Trudy Enticott from the Audit Commission attended the meeting for the next two items (minutes 21 and 22).

Consideration was given to the report of the Chief Fire Officer, together with the Audit Plan 2010/11, copies of which had been circulated.

John Cornett reported that the Auditor's fee had recently been reduced from £75,000 to £69,000. There could be a further fee reduction in 2011/12 but this was on the assumption that the level of risk in relation to the audit of accounts was consistent with that for 2009/10, good quality, accurate working papers were available at the start of the financial statements audit, good quality working papers were supplied to support the restatement of 2009/10 balances to comply with International Financial Reporting Standards(IFRS) and Internal Audit undertook appropriate work on material systems and was available for review by 30 April 2011.

John Cornett drew attention to the specific risks on page 7 of the Audit Plan - changes in financial reporting requirements and implementation of new financial systems. He had assumed for the secondary fee that all would go well, but if not there would have to be further discussions on the additional work arising. He considered, however, that this was unlikely.

RESOLVED that the Audit Plan for 2010/11 setting out the Auditors approach to the audit as well as proposals for the audit fee be noted.

22 ANNUAL AUDIT LETTER

Consideration was given to the report of the Chief Fire Officer, together with the Annual Audit letter, copies of which had been circulated.

John Cornett confirmed that the accounts presented for audit were of a good standard and were supported by good quality working papers. All adequate arrangements had been put in place for securing economy, efficiency and effectiveness in the use of resources and a draft paper had been submitted to the Chief Fire Officer stating that there had been significant improvements compared to 2008/09. This would be shared with Councillors in due course. There were still areas for improvement but he accepted that the resources of the Authority were best focussed on the current economic downturn and increased financial pressures on the public sector. Overall the Authority had a very positive direction of travel.

With regard to local value for money work from 2010/11, John Cornett drew attention to the Audit Commission's aim to introduce a new, more targeted and better value approach with work based on a reduced number of reporting criteria, concentrating on securing financial resilience and prioritising resources within tighter budgets. He thanked the Fire Authority staff for the help and assistance they had always given in what he regarded as a partnership.

RESOLVED

- (1) that the findings and conclusions of the Auditors, contained within the Auditors' letter be accepted, in particular the following recommendations -**
 - (a) continue to collaborate with partners to address financial and performance management challenges and to explore new and innovative ways of working;**
 - (b) ensure that current financial and performance management arrangements were strong enough to respond to the significant**

financial and delivery challenges faced by the Fire Service and the wider public sector;

(c) develop and regularly update financial models, as far as practicable, the impact of decisions around the Regional Control Centre and Fire Futures Project using 'best case,' 'worst case,' and 'most likely' scenarios;

(2) that Neil Timms, Sue Cornish and all the audit and financial staff be thanked for their excellent work.

John Cornett and Trudy Enticott left the meeting after this item.

23 CAPITAL BUDGET MONITORING REPORT TO 30 NOVEMBER 2010

Consideration was given to the report of the Chief Fire Officer, copies of which had been circulated, detailing variances against the original 2010/11 budget.

RESOLVED

- (1) that the variances against the original budget 2010/11 be noted;**
- (3) that now that the construction of Carlton Fire Station had been completed, Carlton House, which had been occupied by the contractors during the building period, be sold for the best price it was possible to achieve;**
- (4) that the saving accrued on the purchase of volt charging units be utilised as follows -**
- § £27,000 for a new fuel tank at Tuxford Fire Station;**
 - § £8,000 for the purchase of tyre compressors for the new Scania fire appliances.**

24 REVENUE MONITORING REPORT TO 30 NOVEMBER 2010

Consideration was given to the report of the Chief Fire Officer, copies of which had been circulated, detailing variances against the 2010/11 budget.

RESOLVED that the variances against the original budget 2010/11 be noted.

25 EFFICIENCY SAVINGS

Consideration was given to the report of the Chief Fire Officer, copies of which had been circulated.

RESOLVED that the progress against annual efficiency savings targets be noted.

26 PRUDENTIAL CODE MONITORING REPORT TO 30 NOVEMBER 2010

RESOLVED that the report of the Treasurer, copies of which had been circulated, relating to the prudential indicators for capital accounting and treasury management be noted.

FOR NOTE