



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: 14 December 2012

Purpose of Report:

To report to Members on the business and actions of the Finance and Resources Committee meeting of Friday 12 October 2012.

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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 12 October 2012 are attached to this report at Appendix A. The following summarises the main points of the papers discussed at the meeting.

2.2 The Committee was firstly asked to consider three monitoring reports, namely:

- Prudential Code Monitoring (to 31 August 2012);
- Capital Budget Monitoring (to 31 August 2012);
- Revenue Budget Monitoring (to 31 August 2012).

It was resolved that all three reports be noted. In addition, in terms of the Capital Budget Monitoring report, it was also resolved that a variation to the capital programme of £65,000 for the refurbishment of the Service Development Centre shower block be approved and that it be financed from the earmarked reserve.

2.3 A further report before the Committee requested that Members approve in principle the creation of an insurance fund, subject to a valid business case which will be presented to a future Finance and Resources Committee. The report and recommendation was endorsed.

2.4 For the final report the Committee was presented with a report which requested that the Committee set general guidelines within which Officers of the Authority will develop a detailed budget proposal for 2013/14 to 2015/16. It was resolved:

- (1) that officers be instructed to prepare a set of budget options around the assumptions that:
 - (a) Council Tax would be increased by 1.9% in 2013/2014, 2014/2015 and 2015/2016; or
 - (b) Council Tax Freeze Grant equivalent to a 1% rise in Council Tax was taken and there was therefore no rise in 2013/2014 but a rise of 1.9% in 2014/2015 and 2015/2016;
- (2) that the budget should be presented back to the Committee in January for further consideration before final recommendation to the Fire Authority.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

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. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service. Its purpose is to update the Fire Authority on the outcomes of Committee business.

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 Steve Carroll
CHAIR OF FINANCE AND RESOURCES COMMITTEE



**NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM
FIRE AND RESCUE AUTHORITY**

FINANCE AND RESOURCES COMMITTEE

MINUTES

of meeting held on **12 OCTOBER 2012** at Fire and Rescue Service Headquarters, Bestwood Lodge from 10.02 am to 10.32 am.

Membership

Councillor S Carroll (Chair)
Councillor C Barnfather
^ Councillor B Cross
Councillor E Kerry
Councillor M Wood

Members absent are marked ^

Present as observers – Councillor Grocock and Councillor Pulk

11 APOLOGY FOR ABSENCE

An apology for absence was received from Councillor Cross.

12 DECLARATIONS OF INTERESTS

No declarations of interests were made.

13 MINUTES

RESOLVED that the minutes of the last meeting held on 13 July 2012, copies of which had been circulated, be confirmed and signed by the Chair.

14 PRUDENTIAL CODE MONITORING REPORT TO 31 AUGUST 2012

Consideration was given to the report of the Treasurer, copies of which had been circulated, giving details of performance up to 31 August 2012 relating to the prudential indicators for capital accounting and treasury management.

RESOLVED that the report be noted;

15 CAPITAL BUDGET MONITORING REPORT TO 31 AUGUST 2012

Consideration was given to the report of the Chief Fire Officer, copies of which had been circulated, reporting on the Capital Programme progress in the year 2012/13 to the end of August 2012, analysing significant variances against the original programme.

The Strategic Director of Finance and Resources advised the meeting that the Service Development Centre shower block had needed updating and that the estimated cost of doing so had been £50,000 which meant that the matter had been delegated to the Chief Finance Officer under his delegated powers. When the tenders came in, it was apparent that the eventual costs were likely to be in the region of £65,000. Because this was outside the Chief Fire Officers' authority, the Chair of the Fire Authority, the Chair of the Finance and Resources Committee and the Clerk to the Fire Authority had been consulted in order that approval could be given outside the Committee to the project being started. The Committee was being asked to retrospectively approve the adjustment of the Capital Programme for this item.

Councillor Kerry enquired what the current position was with regard to the requirement for Targeted Response Vehicles. The Strategic Director of Finance and Resources agreed to find out the position and to advise Councillor Kerry.

RESOLVED

- (1) that the report be noted;**
- (2) that a variation to the capital programme of £65,000 for the refurbishment of the Service Development Centre shower block be approved and that it be financed from the earmarked reserve.**

16 REVENUE MONITORING REPORT TO 31 AUGUST 2012

Consideration was given to the report of the Chief Fire Officer, copies of which had been circulated, reporting on the financial performance of the Service in the year 2012/13 to the end of August 2012 analysing significant variances against the original programme.

Councillor Kerry queried the overspend on rates referred to in section 2.13 of the report. The Strategic Director of Finance and Resources advised that this was largely due to a rating revaluation of the Tuxford premises following refurbishment. Councillor Kerry requested that in future, business cases for investment should include an allowance for potential rate reviews.

RESOLVED that the report be noted.

17 INSURANCE FUND

Consideration was given to the report of the Chief Fire Officer, copies of which had been circulated, requesting approval in principle to the creation of an insurance fund, subject to a valid business case which would be presented to a future meeting of the Committee. The Strategic Director of Finance and Resources advised the meeting that the lack of competition in the provision of motor insurance to the Authority exposed the

Authority to increasing market prices. A fund from the Authority's General Reserve could be earmarked as an insurance fund. A business case would have to be developed to demonstrate that an insurance fund would receive increased value for money when compared to the Authority's current arrangements for motor insurance.

RESOLVED that the creation of an insurance fund be approved in principle subject to a valid business case being presented to a future meeting of the Committee.

18 BUDGET GUIDELINES 2013/14 TO 2015/16

Consideration was given to the joint report of the Chief Fire Officer and Treasurer, copies of which had been circulated, requesting that the Committee set general guidelines within which officers of the Authority could develop a detailed budget proposal for 2013/14 to 2015/16.

The Strategic Director of Finance and Resources advised the meeting that a supplementary briefing note had been produced for Councillors due to the fact that the Chancellor of the Exchequer had just announced new support for local authorities in England to help them freeze Council Tax increases at zero percent for 2013/14. The grant would be worth 1% or in the case of Nottingham Fire and Rescue service, approximately £250,000. This grant would continue into 2014/2015 but with no guarantee thereafter. Additional information was being provided to the Committee to enable members to make a decision regarding the 2013/14 budget recommendations.

The key points raised in the briefing note were as follows:

- current budget thinking was that council tax would rise by 3.5% in each of the two years 2013/2014 and 2014/2015. This was the case even though an increase of 3.5% in 2013/2014 would create a surplus in 2013/2014 but this was because the actual requirement was for a rise of 7.0% over two years rather than 3.5% in each. An assumed capping limit of about 4% effectively drove this decision to raise Council Tax by 3.5% in the earlier period;
- it was initially the task of the Committee to make recommendations to the Fire Authority on a range of options for Council Tax however the Government announcement referred to above had effectively nullified most options and effectively left four which were:
 - Option 1 - do not raise Council Tax in 2013/2014 but take the Freeze Grant. Assume a rise of 1.9% in 2014/2015;
 - Option 2 - raise Council Tax by 1% in 2013/2014 ignore the freeze grant and levy an increase of 1.9% in 2014/2015;
 - Option 3 - raise Council Tax by 1.9% in each of the years 2013/2014 and 2014/2015;
 - prepare to hold a referendum on a higher rate of Council Tax.
- the three options gave the following results:

	2013/2014	2014/2015	2015/2016*	Cumulative
	£	£	£	£
Option 1	37,000	(1,217,000)	(812,000)	(1,992,000)
Option 2	38,000	(976,000)	(580,000)	(1,518,000)
Option 3	245,000	(765,000)	(580,000)	(1,100,000)

Figures for 2015/2016 were based only on known changes to budgets such as freeze grant reductions.

- no matter which option was chosen the Authority would need to be considering significant cuts in budgets going forward. With even option 3 requiring £1.1m to be removed from budgets.

Councillors agreed to hold an informal meeting of the Committee in mid/late December once the grant settlement had been announced, if the need arose.

RESOLVED

- (1) that officers be instructed to prepare a set of budget options around the assumptions that:**
 - (a) Council Tax would be increased by 1.9% in 2013/2014, 2014/2015 and 2015/2016; or**
 - (b) Council Tax Freeze Grant equivalent to a 1% rise in Council Tax was taken and there was therefore no rise in 2013/2014 but a rise of 1.9% in 2014/2015 and 2015/2016;**
- (2) that the budget should be presented back to the Committee in January for further consideration before final recommendation to the Fire Authority.**