



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

BUDGET PROPOSALS FOR 2015/2016 TO 2017/2018 AND OPTIONS FOR COUNCIL TAX

Report of the Chief Fire Officer

Date: 27 February 2015

Purpose of Report:

To present the Fire Authority with proposals for Revenue and Capital budgets for 2015/2016 to 2017/2018 to allow Members to determine the level of Council Tax for 2015/2016.

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1. BACKGROUND

- 1.1 At its meeting on 16 January 2015 the Finance and Resources Committee considered a report from the Chief Fire Officer setting out the latest budget position based on the provisional grant settlement and the indicative position with regard to Council Taxbase.
- 1.2 The Finance and Resources Committee was asked to consider four options for Council Tax and make recommendations to the full Fire Authority. This report sets out the implications of the two options that the Finance and Resources Committee recommends.
- 1.3 The following report is that which was agreed by the Finance and Resources Committee with the exception that it has now been updated for the final figures for taxbase and Business Rates and includes a statement by the Authority Treasurer in relation to the robustness of estimates and the adequacy of reserves and balances as required by S25 of the Local Government Act. Final figures for grant settlement and taxbase were not received until 5 February 2015.
- 1.4 The Fire Authority is required to set a precept before 1 March 2015 and notify this to the billing authorities.

2. REPORT

CAPITAL BUDGET PROPOSALS 2015/2016 TO 2017/2018

- 2.1 The Authority maintains a sustainable Capital Programme that has been planned out over an extended period. This programme seeks to replace appliances and vehicles when they are approaching the end of their useful life, maintains a rolling programme of ICT replacements and a property programme that will both ensure that property remains fit for purpose, is appropriately located and can be contained within the internal capacity of the organisation to complete.
- 2.2 The overall programme also reflects elements of estimated slippage from 2014/2015 as set out in the following table.

The proposed Capital Programme for 2015/2016 to 2017/18 is therefore as follows:

	Estimated Slippage	2015/2016 £000's	Total 2015/2016 £000's	2016/2017 £000's	2017/2018 £000's
Transport					
Rescue Pump Replacement	253,020	623,860	876,880	937,695	939,615
Special Appliances	272,000	0	272,000	75,000	0
Command Support Unit	120,000	0	120,000	0	0
Appliance Eqpt	36,405	16,960	53,365	25,440	25,440
Light Vehicles	394,500	381,020	775,520	479,240	205,405
Total Transport	1,075,925	1,021,840	2,097,765	1,517,375	1,170,460
Equipment					
Equipment for Specials	0	15,000	15,000	0	0
Replacement Breathing Apparatus	0	0	0	0	600,000
Radio Replacements	0	0	0	0	0
Total Equipment		15,000	15,000	0	600,000
Property					
Retention - Retford FS	0	60,000	60,000	0	0
Retention - London Road	0	0	0	0	60,000
Construction of London Road	0	4,000,000	4,000,000	439,400	0
Fire Station Project Initial Design-Workshop	0	75,000	75,000	0	0
Fire Station Project Initial Design - Newark	0	75,000	75,000	0	0
Fire Station Project Initial Design - Hucknall	0	75,000	75,000	0	0
Purchase of Land	0			400,000	400,000
Construction Stage of New Station (Assumed commence in Sept 2016)	0			1,400,000	1,100,000
Construction Stage of New Station (Assumed commence in Nov 2017)	0				800,000
Property Total	0	4,285,000	4,285,000	2,239,400	2,360,000

	Estimated Slippage	2015/2016 £000's	Total 2015/2016 £000's	2016/2017 £000's	2017/2018 £000's
I.C.T					
Renewals Programme	0	140,000	140,000	140,000	140,000
Mobile Computing	0	60,000	60,000	20,000	20,000
PABX Replacement	25,000	0	25,000	0	0
Business Process Automation	150,000	0	150,000	0	0
CFRMIS Online	47,000	0	47,000	0	0
ICT Total	222,000	200,000	422,000	160,000	160,000
IT Systems					
Agresso Upgrade	0	70,000	70,000	0	0
Tranman	0	25,000	25,000	11,000	0
Payroll System	0	40,000	40,000	0	0
IT Systems Total	0	135,000	135,000	11,000	0
Total Programme	1,297,925	5,656,840	6,954,765	3,927,775	4,290,460

- 2.3 Rescue pump renewals budget changes the usual practice of replacing four appliances each year and reduces this to two in 2015/2016 taking account of the reducing fleet. This rises to a steady three per annum from 2016.
- 2.4 The special appliances budgeted for are the Breathing Apparatus Unit and the Environmental Protection Unit both of which are overdue for replacement but the plan is to re-body two existing chassis which have been later than anticipated in release.
- 2.5 Equipment relates entirely to the replacement appliances.
- 2.6 The light vehicle programme has been virtually suspended during recent restructures and vehicles have been allowed "run on" beyond their optimal disposal points. This was to avoid purchasing vehicles which may not have been required going forward. This position is beginning to stabilise and therefore the light vehicle programme is to some extent playing "catch up".
- 2.7 The two largest items on the equipment programme relate to the replacement of radio sets across the service and the eventual replacement of breathing apparatus in 2017/18. This purchase has been put back due to the most recent assessment of equipment showing that there is more useful life left in the current sets.
- 2.8 It has been suggested to other services that these procurements might be best achieved in partnership to bring about a gradual harmonisation of equipment.
- 2.9 The property programme remains focussed on the rebuild or refurbishment of a fire station per annum on average. It is not possible to both start and

complete a building project within a single financial year and therefore a number of projects have been considered and feasibility studies carried out. The actual stations selected for rebuild or refurbishment will depend on other factors and actual project proposals will be brought back to this committee. This budget simply sets aside the resources to continue with the Authority's sustainable capital programme which will ensure that all property assets remain fit for purpose over time.

- 2.10 The most significant project is the construction of a new fire station on London Road but Members will also note the design works being commissioned for Worksop, Newark and Hucknall stations.
- 2.11 The ICT programme covers a number of replacement items and provision for the general expansion of ICT usage across the organisation. The business automation project remains an achievable aspiration which, now that improved infrastructure and appropriate staffing resources are in place, will press forward in 2015/2016.
- 2.12 The payroll system for the Authority is currently provided by Nottinghamshire County Council and this has been a very successful arrangement since the Authority was formed in 1998. The County Council have recently changed their payroll system to SAP which is an enterprise resource management system incorporating Finance, HR and Payroll. The Fire Authority's payrolls have been successfully transferred to the SAP system but unfortunately the process of accurately interfacing payroll data into the authority's Agresso financial system is proving very difficult. There are also issues around the lack of any real interfaces between the Authority's new HR system and SAP payroll which creates a requirement or double data entry and scope for error. It has been decided therefore that the Authority would be better served by acquiring a new payroll system. Discussions are taking place with regional partners with a view to collaborating on this project to provide a single payroll solution.
- 2.13 Members will be aware that the Authority's financial system is a joint procurement with both Leicestershire and Derbyshire. This has worked very well after a few teething problems and the benefits of a modern system and the resilience that is provided by having two other organisations on the same system are beginning to come through. Part of our commitment to this joint working is that we follow the same upgrade pathway as other partners and it has been decided that the time to move to the next version has arrived. We are now two versions behind the latest version and the suppliers have given notice that they will shortly withdraw support for the version that is in use. This does not expose the Authority to any immediate risk but it will require an upgrade in 2015/2016 if the joint arrangement is to continue.
- 2.14 A level of "over programming" has been assumed within this programme to reduce the amount of revenue provided to support a capital programme which may slip for reasons beyond the control of the Fire Authority.

REVENUE BUDGETS 2015/2016 TO 2017/2018

- 2.15 The Authority had been faced with significant budget reduction targets over recent years and the forthcoming years 2015/2016 to 2017/2018 are no exception. As part of a longer term financial plan the Authority continues to rise to the challenge of seeking out budget reductions and has recently gone through a significant review of the more significant base budgets under the supervision of the Director of Finance and the Chair of the Finance and Resources Committee. This process has been very useful and budget managers engaged positively with this process which has enabled significant budget reductions to be made.
- 2.16 The key to responding to the challenge of reducing funding from central government has been careful planning, sensible use of balances and the adoption of longer term financial strategies which not only seek to address immediate problems, but also to maintain a stable financial platform which will enable the Service to continue to develop within this reducing resource envelope.
- 2.17 The Authority has very clear objectives and underlying values which are set out in the Corporate Plan and these budget proposals have been prepared on the basis that there should be no deviation from those underlying principles and that the Authority should press ahead with the medium term plan previously agreed.
- 2.18 Notwithstanding the above it is considered that it is possible, given the level of reserves and balances, to take an increased level of risk within the revenue budget to avoid having to make further reductions which may themselves result in underspends going forward.
- 2.19 The budget process has been a long and difficult one as managers continue to seek out budget reductions and make the necessary changes to internal structures to accommodate this. The Chair of Finance has also taken an active part in this process by applying a level of scrutiny to key base budgets.

2.20 The following table shows the proposed changes to base budgets from 2015/2016 to 2017/2018.

	2015/16	2016/17	2017/18
	£	£	£
Prior Year Base Budget	42,891,865	41,212,721	42,636,983
Inflation			
Pay and Allowances Inflation:	272,809	820,718	299,864
Saving on fuel price	-33,225		
Non Pay Inflation	65,042	154,183	73,299
Pensions Inflation	0	17,556	1,148
Savings			
Removal of Highfields 2nd Appliance	-781,951		
Removal of Mansfield RDS Appliance	-103,065		
Voluntary Redundancy Phase 2	-153,023		
Change in Pay Budgeting Assumptions	-413,903	-4,340	-971
Transfers to 2015 FF Pension Scheme	-194,402		
Deletion of Posts:	-128,522		
Zero Base Budget Review Savings	-209,195	-48,957	
Budget Holder Savings	-191,676		
Change in Surplus / Deficit on Collection	-107,550	252,350	
Income from Shared Premises		-82,000	-10,000
Growth			
Pay Increments	70,063	41,664	38,847
Pay Budget Growth	132,907	-93,264	95,269
Pensions & Ill Health Charges	45,457	20,099	6,442
Insurances	34,286		
Reduction in Non-Specific Grant	45,599		
Other Growth	124,053	47,025	10,000
Single Year Reversals	-20,000		1,200
Capital Financing	-96,498	287,085	478,019
Re-set Contribution to Reserves Budget to Zero	-116,961		
Re-set Contribution from Reserves to Support Prince's Trust to Zero	85,532		
Other Minor Adjustments	-4,921	12,143	
Total Changes	-1,679,144	1,424,262	993,117
Budget Requirement	41,212,721	42,636,983	43,630,100

The detail behind these changes is set out in full in Appendix D to this report.

- 2.21 Pay and allowances inflation has been provided for at 1% of the pay bill however the reason for the sharp rise in 2016/2017 is due to the ending of contracted out National Insurance contributions. This adds over 3% to pay costs. Pensions inflation broadly moves with pay costs but there are also new employer rates expected in 2016.
- 2.22 Reducing fuel prices are beginning to have an impact on budgets although some of this has been built back in to the non-pay inflation for future years as this is not expected to last for very long.
- 2.23 Members will be aware of the savings made from the removal of pumping appliances at Mansfield and Highfields but there have also been savings from the voluntary redundancy programme that has been completed during 2014/2015. A number of vacant posts have also been deleted from the establishment.
- 2.24 The Finance and Resources Committee discussed the possibility of building a little more risk into the budget for 2015/2016 in some areas of the pay budget, primarily relating to assumptions regarding development pay but also considering other areas such as vacancy rates. These changes in assumptions yielded over £400,000 in savings.
- 2.25 The heading of Movements between pension schemes simply reflects the effect of new starters joining the 2006 scheme whereas retirees are in the 1992 scheme.
- 2.26 Zero based budget savings were those savings which were derived from the review of base budgets which the Chair of Finance presided over. Similar reductions were offered up by budget managers from their own reviews.
- 2.27 The area of surpluses on the collection fund has seen significant surpluses declared by the billing authorities for 2014/2015. Ordinarily a figure of up to £50,000 might be expected but this year nearly £300,000 has been declared. Note that the assumption had been for approximately £200,000. This is reduced back in 2016/2017 due to the uncertainty of this amount.
- 2.28 The authority is expecting income from shared premises with partner organisations from both the public and charitable sector.
- 2.29 Growth is a small area of the budget given that the Authority is looking to make budget reductions. Nevertheless there remain some areas where growth is inevitable. Annual staff increments are a result of national conditions of service and insurance charges reflect the market in general. Pay budget growth reflects the paring of pay budgets back to individual employees and the resultant need to provide budgets for temporary allowances which had been covered previously by the main pay budgets.

- 2.30 The heading for other growth contains a number of items which are set out in Appendix D.
- 2.31 Single year reversals are items from 2014/2015 which required funding for one year only and the contributions to and from reserves figures are adjustments to reset these to zero.
- 2.32 The Capital Financing line reflects the revenue cost of the capital programme going forward and reflects both reductions in revenue impact as a result of using reserves and also increases in respect of future developments.
- 2.33 Appendix E gives a full Cash Limit budget for 2015/2016

FINANCING THE BUDGET

- 2.34 The Authority primarily receives income from Revenue Support Grant, Business Rates and Council Tax. The government announced the final settlement in February 2015.
- 2.35 Government have only announced figures for 2015/2016 even though good practice means that NFRS need to make estimates for a three year period. The figures used below therefore use estimates for 2016/2017 and 2017/2018 provided by the Local Government Association.

	2015/2016 £	2016/2017 £	2017/2018 £
Revenue Support Grant	9,772,122		
Business Rates Actual	3,441,383		
Top Up Grant	6,477,078		
Council Tax Freeze Grant Previous years	334,364		
Freeze Grant 2013/2014	235,811		
Total Grant Yield	20,260,758	18,639,897	17,335,105

- 2.36 The Secretary of State has announced that Council Tax Freeze grant will be available in 2015/2016 to those authorities that agree to freeze council tax.

2.37 The following table then brings together all of these figures and presents the position that the authority would be in if there was no change to the level of council tax.

	2015/2016 £	2016/2017 £	2017/2018 £
Total Grant Yield	20,260,758	18,639,897	17,335,105
Budget Requirement	41,212,721	42,636,983	43,630,100
Balance to be met locally	20,951,963	23,997,086	26,294,995
Council Tax Yield*	21,109,003	21,320,093	21,533,294
Budget Deficit		2,676,993	4,761,702
Budget Surplus	157,040		
Council Tax Freeze Grant	244,066	488,132	732,198
Budget Shortfall		2,188,861	3,939,504
Budget Surplus	401,106		

*Assumes a 1% rise in tax base but no rise in Council Tax

The above figures suggest that further savings of approximately £3.9m will be required by the start of the 2017/2018 financial year.

2.38 In the settlement the government have stated that any authority wishing to increase Council Tax by 2% or more would need to hold a referendum. This appears to create a ceiling that Authorities can use to determine whether to increase Council Tax or not in 2015/2016. There has been no announcement regarding limits for 2016/2017 or 2017/2018 and so the assumption being made is that would be the same. There has also been no announcement regarding possible freeze grants in 2016/2017 or 2017/2018 although it is assumed that these would continue if increases are to be held at zero.

2.39 The alternative scenario that the Finance and Resources Committee wish the Authority to consider is the increasing of Council Tax by 1.95% in 2015/2016 and subsequent years. This would have the following effect.

	2015/2016 £	2016/2017 £	2017/2018 £
Total Grant Yield	20,260,758	18,639,897	17,335,105
Budget Requirement	41,212,721	42,636,983	43,630,100
Balance to be met locally	20,951,963	23,997,086	26,294,995
Council Tax Yield*	21,521,973	22,160,293	22,818,321
Budget Deficit		1,836,792	3,476,675
Budget Surplus	570,010		
Council Tax Freeze Grant	0	0	0
Budget Shortfall		1,836,792	3,476,675
Budget Surplus	570,010		

2.40 It is also possible of course that the Authority may wish to plan to increase Council Tax by 1.95% in 2016/2017 and 2017/2018 whilst freezing it in 2015/2016 which would give the following outcome.

	2015/2016 £	2016/2017 £	2017/2018 £
Total Grant Yield	20,260,758	18,639,897	17,335,105
Budget Requirement	41,212,721	42,636,983	43,630,100
Balance to be met locally	20,951,963	23,997,086	26,294,995
Council Tax Yield*	21,109,002	21,737,192	22,381,896
Budget Deficit		2,259,893	3,913,099
Budget Surplus	157,040		
Council Tax Freeze Grant	244,066	244,066	244,066
Budget Shortfall		2,015,827	3,669,033
Budget Surplus	401,106		

2.41 There are essentially therefore three feasible options:

	2015/2016 £	2016/2017 £	2017/2018 £
Option 1. 0% increase in each year			
Surplus	401,106	0	0
Deficit	0	2,188,861	3,939,504
Option 2. 1.95% increase in each year			
Surplus	570,010	0	0
Deficit	0	1,836,792	3,476,675
Option 3. 0% increase in 2015/16 1.95% thereafter			
Surplus	401,106	0	0
Deficit	0	2,015,827	3,669,033

2.42 All options produce an excess of funding over expenditure in 2015/2016 however this is largely fortuitous due to the declared surpluses on collection by the billing authorities which are forcing the budget requirement down. The temporary nature of this surplus also explains why there is then an abrupt “turn around” in 2016/2017.

2.43 The primary advantage of a Council Tax increase rather than taking freeze grant was always that freeze grant was not permanent and therefore there was a so called “cliff edge” of funding when the freeze grant was withdrawn. Authorities have been assured however that the freeze grant will be incorporated into the base and therefore the cliff edge has been removed.

2.44 Whilst this is true in principle the actual way that grant reductions are applied means that they are calculated on the whole of the Start Up Funding Assessment which includes the council tax freeze grants. Therefore whilst they are not being removed from the base, the whole base including the Council Tax Freeze Grant is being reduced. Thus the value of this grant is being eroded over time.

EFFECT ON BALANCES

2.45 Members will be aware that the authority holds reserves and balances and that the level recommended for 2015/2016 following the risk assessment is £4.027m. The following table shows the effect on balances if the budget shortfalls going forward are not addressed.

Option 1

	2014/2015	2015/2016	2016/2017	2017/2018
	£	£	£	£
Opening Balance	6,342,000	6,150,000	6,551,106	4,362,245
Contribution to Reserves	0	401,106	0	0
Contribution from Reserves	192,000	0	2,188,861	3,939,504
	6,150,000	6,551,106	4,362,245	422,741

Option 2

	2014/2015	2015/2016	2016/2017	2017/2018
	£	£	£	£
Opening Balance	6,342,000	6,150,000	6,720,010	4,883,218
Contribution to Reserves	0	570,010	0	0
Contribution from Reserves	192,000	0	1,836,792	3,476,675
	6,150,000	6,720,010	4,883,218	1,406,543

Option 3

	2014/2015	2015/2016	2016/2017	2017/2018
	£	£	£	£
Opening Balance	6,342,000	6,150,000	6,551,106	4,535,279
Contribution to Reserves	0	401,106	0	0
Contribution from Reserves	192,000	0	2,015,827	3,669,033
	6,150,000	6,551,106	4,535,279	866,243

2.46 It is important to consider that without budget reductions the balances will be below minimum levels by 2017/18 no matter which option selected by the Fire Authority.

2.47 It is therefore essential that no matter which option for Council Tax increases is chosen by the Fire Authority the Chief Fire Officer continues with his work to identify further budget reductions in 2016/2017 and 2017/2018.

PROPOSALS FOR COUNCIL TAX INCREASES 2015/2016

2.48 There are two options proposed by the Finance and Resources Committee and these are set out in tabular form in appendices A and B. The first is for no increase in Council Tax for 2015/2016 and the second is for an increase of 1.95%. Whichever option is adopted the particular appendix will become the official document for the setting of the Council Tax.

2.49 Council Tax for the Fire Authority is currently £71.05 at Band D and a 1.95% increase in this would raise it by £1.39 per year to £72.44. The effects of such an increase on other bands is as follows:

Band A	0.92
Band B	1.08
Band C	1.23
Band D	1.39
Band E	1.70
Band F	2.01
Band G	2.31
Band H	2.78

The majority of the homes in the City and County of Nottinghamshire fall into Bands A and B.

COMMENTS OF THE TREASURER

2.50 Under Section 25 of the Local Government Act 2003, the Treasurer is required to report to the Authority on the following two matters:

- The robustness of the estimates made for the purposes of calculations; and
- The adequacy of reserves.

2.51 The Treasurer is satisfied that, on the basis of the financial risk assessments, the working balances are adequate and plans exist for using any surplus balances.

2.52 The Treasurer has been consulted fully concerning the build up and calculation of the budget, and is content that these have been prepared in an accurate and robust manner, such that the Authority will have adequate resources to discharge its responsibilities under various statutes and regulations.

2.53 A statement by the Authority Treasurer is included as Appendix C to this report.

3. FINANCIAL IMPLICATIONS

The financial implications are set out in full in the body of this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are a number of human resources implications within this report as in order to deliver a balanced budget it will be necessary to accept a number of requests for

voluntary redundancy. This is inevitably unsettling for staff and creates an environment that needs to be carefully managed both with staff and their representatives.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because there are no equalities implications arising from this report.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

The Authority must set a balanced budget for 2015/2016 but may acknowledge potential budget shortfalls for future years.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 Risks associated with budget setting are always significant. Budgets are by their very nature estimates of future activity and these estimates can sometimes be incorrect. Changes involving contraction of activities may not be made on the envisaged timescales, public consultation may vary policy and external issues such as national pay awards may not align with the assumptions.
- 8.2 There can be no control over external issues however the Authority has sufficient reserves to cope with any in year changes which alter these budget assumptions significantly.

9. RECOMMENDATIONS

It is recommended that Members:

- 9.1 Determine which of the two options set out in Appendices A or B will determine the Authority's precept for 2015/2016.
- 9.2 Approve the continued payment of Members Allowances for 2015/16 in accordance with the approved scheme.

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

None.

John Buckley
CHIEF FIRE OFFICER

APPENDIX A

Proposal for Council Tax Increase of 0%

In order to maintain the levels of Council tax at the 2014/2015 level the Band D level of Council Tax would need to be set at £71.05 per annum in 2015/2016 as it was in 2014/2015.

Specifically in 2015/2016 Council Tax would be set at the following levels:

Band A	47.37
Band B	55.26
Band C	63.16
Band D	71.05
Band E	86.84
Band F	102.63
Band G	118.42
Band H	142.10

The level of Council Tax at Band D is then multiplied by the taxbase to calculate the precept to be set for each of the District Councils and the City Council as follows:

	Taxbase	Percentage	Precept £
Ashfield	31,052.20	10.5%	2,253,118.85
Bassetlaw	32,545.35	11.0%	2,355,552.16
Broxtowe	32,400.60	10.9%	2,314,578.67
Gedling	35,610.06	12.0%	2,564,300.81
Mansfield	27,751.40	9.3%	1,990,854.01
Newark and Sherwood	36,770.96	12.4%	2,612,576.76
Rushcliffe	39,923.10	13.4%	2,869,098.31
Nottingham City	61,047.00	20.5%	4,441,273.43
Total	297,100.67		21,401,353.00

The above figures are calculated after taking account of the declared surplus/deficit on collection for each of the billing authorities.

APPENDIX B

Proposal for Council Tax Increase of 1.95%

An increase in Council Tax of 1.95% would require the Authority to set a Band D Council Tax of £72.44 per annum in 2015/2016.

Specifically in 2015/2016 Council Tax would be set at the following levels:

Band A	48.29
Band B	56.34
Band C	64.39
Band D	72.44
Band E	88.54
Band F	104.64
Band G	120.73
Band H	144.88

The level of Council Tax at Band D is then multiplied by the taxbase to calculate the precept to be set for each of the District Councils and the City Council as follows:

	Taxbase	Percentage	Precept £
Ashfield	31,052.20	10.5%	2,296,281.42
Bassetlaw	32,545.35	11.0%	2,400,790.20
Broxtowe	32,400.60	10.9%	2,359,615.51
Gedling	35,610.06	12.0%	2,613,798.80
Mansfield	27,751.40	9.3%	2,029,428.46
Newark and Sherwood	36,770.96	12.4%	2,663,688.40
Rushcliffe	39,923.10	13.4%	2,924,591.43
Nottingham City	61,047.00	20.5%	4,526,128.78
Total	297,100.67		21,814,323.00

The above figures are calculated after taking account of the declared surplus/deficit on collection for each of the billing authorities.

NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY

STATEMENT BY AUTHORITY TREASURER

Under Section 25 of the Local Government Act 2003, the Treasurer is specifically required to report to the Authority on the following two matters:

- The robustness of the estimates made for the purposes of calculations ; and
- The adequacy of reserves and working balances.

I have consulted with the Head of Finance and Resources and note that the required level of working balances is calculated using a risk assessment methodology. I am satisfied that, on the basis of those risk assessments, the proposed level of balances is adequate.

I note however that the actual level of balances exceeds this recommended level during 2015/2016 but note the projected budgets for 2016/2017 and 2017/2018 exceed the possible grant and council tax yields for those years.

Earmarked Reserves are held for specific purposes, and include amounts for Unapplied LPSA Reward Grant, The Community Safety Fund, Pensions, Operational Equipment and Environmental Schemes.

I have also been consulted fully concerning the build up and calculation of both the Revenue and Capital budgets and am content that these have been prepared in an accurate and robust manner such that the Authority will have adequate resources to discharge its responsibilities under various statutes and regulations.

Peter Hurford CPFA B.Soc.Sc
FIRE AND RESCUE AUTHORITY TREASURER

APPENDIX D

PROPOSED CHANGES TO BASE BUDGETS 2014/2015 – 2016/2017

	2015/16	2016/17	2017/18
	£	£	£
	42,891,865	41,212,721	42,636,983
Inflation			
Pay Inflation (includes end of "contracting out" 2016/17)			
- Wholetime	163,262	567,490	202,590
- Retained	16,856	49,765	23,926
- Control	12,702	22,689	12,680
- Administrative & Support	77,714	178,454	58,302
Members' Allowances	2,275	2,320	2,366
Insurances	4,756		
Saving on fuel price	-33,225		
Non Pay Inflation	60,286	154,183	73,299
Pensions	0	17,556	1,148
Savings			
Eliminate risk based contingency	-50,000		
Eliminate consultancy fees budget	-16,000		
Eliminate Job Evaluation contingency	-14,605		
Administrative & Support pay vacancy factor	-118,959	-4,340	-971
Voluntary Redundancy Phase 2	-153,023		
Deletion of Posts:			
- Prince's Trust	-88,090		
- Administration	-40,432		
Removal of Highfields Station 2nd Wholetime Appliance	-781,951		
Removal of Mansfield Station Retained Appliance	-103,065		
Eliminate surplus Retained Pay Budget	-200,000		
Transfers to 2015 Fire-fighter pension scheme	-194,402		
Net changes in pay budgeting assumptions	-94,944		
Zero Base Budget Review Savings:			
- Printing	-12,290		
- Marketing & Publicity	-13,302		
- Operational Equipment	-37,000	-15,000	
- Uniform	-30,000		
- ICT Maintenance Contracts	-52,388		
- Phones - Landlines & Mobiles	-28,520	-33,957	
- Rent of premises income	-35,695		
Reduction in Training Budget	-57,000		
Reduction in Human Resources Budgets	-4,450		
Reduction in Electricity and Gas Budgets	-18,393		
Reduction in Stations' Cleaning Materials Budgets	-10,437		
Reduction in Travel & Subsistence Budgets	-19,318		
Services Provided To / From Trading Company	-1,473		
Change in Surplus / Deficit on Collection Fund	-107,550	252,350	
Eliminate Budget for Shared Premises Costs re Central Fire Station		-82,000	-10,000
Growth			
Pay Increments	70,063	41,664	38,847
Head of Control (one third of cost of service purchased)	21,000		

	2015/16	2016/17	2017/18
	£	£	£
Administrative & Support employees overtime	13,983		
Additional bank holidays	56,424	-93,264	95,269
Additional Responsibility Allowances	41,500		
Pensions & Ill Health Charges	45,457	20,099	6,442
Training: Teotonics Programme	19,000		
Prince's Trust Expenditure Budgets	9,424		
Insurances	34,286		
Fire Precaution Maintenance	9,500		
Reduction in Interest Receivable Budget	10,000	10,000	10,000
Minor corrections to Income Budgets	10,397		
Reduction in Non-Specific Grant	45,599		
Tri-Service Mobilising Increase in Non-Pay Costs	24,000		
Align Cleaning Budget with Contract	21,732	8,125	
Contribution to National Operational Guidance Programme	20,000	10,000	
Business Rates Increases re New / Refurbished Stations		12,000	
Reduction in Income Budget for Clifton		2,900	
Increase in LGPS Lump Sum		4,000	
One Year Reversing Item			
Professional Fees etc.	-20,000		1,200
Capital Financing			
Interest charges	-8,998	140,360	196,900
Minimum Revenue Provision	-69,920	146,725	281,119
Finance Leasing	-17,580		
Reserves			
Re-set Contribution to Reserves Budget to Zero	-116,961		
Re-set Contribution from Reserves to Support Prince's Trust to Zero	85,532		
Other Minor Adjustments	-4,921	12,143	
	<u>-1,679,144</u>	<u>1,424,262</u>	<u>993,117</u>
	<u><u>41,212,721</u></u>	<u><u>42,636,983</u></u>	<u><u>43,630,100</u></u>

CASH LIMIT 2015/16 to 2017/18

APPENDIX E

		Original Budget 2014/2015 £000's	Revised Budget 2014/2015 £000's	Budget Requirement 2015/2016 £000's	Budget Requirement 2016/2017 £000's	Budget Requirement 2017/2018 £000's
Employees	Direct Employee Expenses	32,661	32,657	31,342	32,195	32,618
	Indirect Employee Expenses	530	554	521	521	521
	Pension	778	778	821	859	874
		33,968	33,989	32,684	33,574	34,012
Premises-Related Expenditure	Repairs Alterations and Maintenance of Buildings	537	537	544	560	576
	Energy Costs	389	389	371	401	401
	Rents	95	95	95	13	3
	Rates	712	712	712	724	724
	Water	65	65	72	81	85
	Fixture and Fittings	1	1	1	1	1
	Cleaning and Domestic Supplies	272	271	300	314	314
	Grounds Maintenance Costs	25	25	26	27	28
	Premises Insurance	26	26	35	36	37
	Refuse Collection	35	35	37	38	39
	2,158	2,157	2,192	2,194	2,207	
Transport-Related Expenditure	Direct Transport Cost	1,123	1,120	1,127	1,129	1,169
	Recharges	146	146	128	128	128
	Public Transport	22	30	17	17	17
	Transport Insurance	267	267	266	271	277
	Car Allowances	375	373	369	369	369
		1,932	1,935	1,907	1,915	1,960
Supplies & Services	Equipment Furniture and Materials	724	725	683	680	681
	Catering	46	47	44	44	44
	Clothes Uniforms and Laundry	294	294	264	264	264
	Printing Stationery and General Office Expenses	79	82	85	95	95
	Services	489	492	474	480	482
	Communications and Computing	1,608	1,607	1,542	1,498	1,498
	Expenses	39	39	36	36	36
	Grants and Subscriptions	35	34	36	37	37
	Miscellaneous Expenses	318	318	272	275	278
	3,632	3,637	3,436	3,408	3,415	
Third Party Payments	Other Local Authorities	102	102	103	103	103
	Private Contractors	23	23	23	24	24

		Original Budget 2014/2015 £000's	Revised Budget 2014/2015 £000's	Budget Requirement 2015/2016 £000's	Budget Requirement 2016/2017 £000's	Budget Requirement 2017/2018 £000's
		125	125	126	127	127
Support Services	Finance	153	158	162	165	168
	Corporate Services	41	41	43	44	44
		194	199	204	208	212
Sales Fees & Charges	Customer and Client Receipts	-552	-122	-144	-146	-147
		-552	-122	-144	-146	-147
Other Income	Government Grants	-515	-515	-470	-470	-470
	Other Grants/Reimbursements and Contributions	-267	-731	-873	-621	-621
	Interest	-86	-86	-76	-66	-56
		-868	-1,333	-1,419	-1,157	-1,147
Capital Financing Costs	Interest Payments	961	961	952	1,092	1,289
	Debt Management Expenses	1,343	1,343	1,273	1,420	1,701
		2,304	2,304	2,225	2,512	2,990
Budget		42,892	42,892	41,213	42,637	43,630