



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

BUDGET PROPOSALS FOR 2014/2015 TO 2016/2017 AND OPTIONS FOR COUNCIL TAX

Report of the Chief Fire Officer

Date: 28 February 2014

Purpose of Report:

To present the Fire Authority with proposals for Revenue and Capital budgets for 2014/2015 to 2016/2017 to allow members to determine the level of Council Tax for 2014/2015.

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1. BACKGROUND

- 1.1 At its meeting on 17 January 2014 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 report set out two options for rises in Council Tax (zero and 1.95%) and considered the implications both short and medium term of accepting the proposed Council Tax freeze grant from central government.
- 1.3 A summary of the financing implications is given as part of this report to enable Members to see those effects.
- 1.4 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 2014.
- 1.5 The Fire Authority is required to set a precept before 1 March 2014 and notify this to the billing authorities.

2. REPORT

CAPITAL BUDGET PROPOSALS 2014/2015 TO 2016/2017

- 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.

The proposed Capital Programme for 2014/2015 to 2016/17 is shown in the following table:

	2014/2015 £000's	2015/2016 £000's	2016/2017 £000's
Transport			
Rescue Pump Replacement	910,020	619,970	1,265,500
Vehicles Equipment	36,405	24,270	48,540
Light Vehicles	137,500	289,885	436,448
Total Transport	1,083,925	934,125	1,750,488
Equipment			
Replacement Cutting Equipment	0	800,000	0
Replacement Breathing Apparatus	0	0	300,000
Radio Replacements	250,000	0	0
Total Equipment	250,000	800,000	300,000
Property			
Rebuild, Refurb	2,310,000	2,315,500	2,315,500
Total Property	2,310,000	2,315,500	2,315,500
Information Technology			
Business Continuity and Disaster Recovery	30,000	30,000	30,000
Mobile Computing	0	0	0
Business Expansion	25,000	25,000	25,000
Replacement Equipment	85,000	85,000	85,000
Business Process Automation	0	0	0
Microsoft Software Licences	200,000	0	0
Telephone System PABX Replacement	250,000	0	0
Storage Area Network and Back up solution Replacement	100,000	0	0
Total Information Technology	690,000	140,000	140,000
Finance			
Agresso Upgrade	0	70,000	0
New Payroll System	30,000	40,000	0
Total Finance	30,000	110,000	
Total Programme	4,363,925	4,299,625	4,505,988

- 2.2 Rescue pump renewals follow the usual practice of replacing four pumping appliances each year on a rolling basis to ensure that no appliance older than twelve years is in the fleet. The usual requirement would be for this budget to be over £1m in each year however the reduction in pumping appliances which has taken place over the past year or so is beginning to reflect in the replacement programme. The equipment budget reflects the equipment carried almost as part of the vehicle such as ladders, hose reels and pumps.
- 2.3 There is no proposal within this programme to extend or replace any vehicles in the special fleet however the light vehicle fleet which encompasses all non-HGV type vehicles from pool cars to station vans is showing some acceleration over the three year period. This is as a result of a detailed review that was carried out in 2011/2012 and follows the general cyclical nature of this replacement programme rather than any notable increase in the size of the fleet.
- 2.4 The cutting equipment currently in use will have been in service for about ten years by 2015/2016. Whilst spares are anticipated to still be available, there remains an issue of technical obsolescence which will need to be considered. This budget provides for the possibility of this equipment being replaced although this is by no means certain at this time.
- 2.5 Breathing apparatus remains a key piece of equipment for the emergency response and the equipment currently used has been in service for many years. There are various initiatives and technological advances in the field of respiratory protection which may require enhancements such as telemetry to be introduced. This budget will enable research to begin which will result in procurement in 2016/2017.
- 2.6 The replacement of radios proposal relates to the intrinsically safe radios that are used on the incident ground. Current sets have been in use for many years and are becoming technically obsolete and difficult to maintain. This equipment is again important for both operational efficiency and fire-fighter safety.
- 2.7 It has been suggested to regional partners that these procurements might be best achieved in partnership to bring about a gradual harmonisation of equipment across the region.
- 2.8 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.

- 2.9 The ICT programme covers a number of replacement items and provision for the general expansion of ICT usage across the organisation. There are however three larger items which require some further explanation.
- 2.10 Although included here as a capital item it is debateable whether the purchase of Microsoft enterprise licensing is a capital or revenue purchase. It certainly could be regarded as either but it is likely that this would be funded from revenue contributions, which makes any distinction somewhat academic. It is always difficult in any business to ensure that all of the proprietary software applications in use are properly licensed as these are generally purchased on a machine-by-machine basis. Machines, however, are repaired, modified, passed on and replaced and it becomes increasingly difficult to keep track of individual applications. The movement to the latest versions of this software creates an opportunity to do this differently and purchase an enterprise wide licence which will cover all of the products used within Nottinghamshire Fire & Rescue Service (NFRS). Initial estimates show that this will probably be cheaper than trying to upgrade individual licences and also has the advantage that there will no longer be any requirement to keep track of individual usage.
- 2.11 The telephone system at headquarters requires replacement. It is currently serviceable but it is important that it remains so as it provides the main means of contact from the public for both emergency and non-emergency calls. The current unit is beyond upgrading and requires complete replacement which hopefully will enable NFRS to move towards more modern (and considerably cheaper) methods of communication such as VOIP (voice over the internet).
- 2.12 The existing NFRS Storage Area Network (SAN) solution is ageing; the hardware technology dates back to November 2007 and the third-party software application that controls the replication have proved to be unreliable. In parallel, the NFRS backup solution is unreliable and vendor support is poor with unrealistic fix times. The main backup server again dates from around 2007 and although that runs the latest version of the software, the system requires a lot of technical intervention by ICT to keep the system running. This creates a significant risk exposure which needs to be managed by the purchase of new facilities.
- 2.13 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 for double data entry and corresponding 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 regional payroll solution.

- 2.14 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.

REVENUE BUDGETS 2014/2015 TO 2016/2017

- 2.15 The Authority had been faced with significant budget reduction targets over recent years and the forthcoming years 2014/2015 to 2016/2017 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 non-pay 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 resulted in base budget reductions of over £600,000.
- 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 As part of this plan the Authority, at its meeting in February 2013, set outline budgets for 2014/2015 and 2015/2016. These figures were set before the base budget review had been undertaken and before any detailed work had been carried out on these budgets. Members will also recall that a deficit of the order of £1.4m was predicted for 2014/2015 which needed to be resolved in the 2014/2015 budgeting process.
- 2.19 The predicted budget requirement for 2014/2015 was £44,272,309 and the following table focusses on the changes to that figure to get as close to the available funding as possible.

	2014/2015 £m	2015/2016 £m	2016/2017 £m
Requirement Identified in 2013/2014 budget	44,272	42,892	43,209
Changes in 2014/15 process			
Corrections and adjustments	54	-6	0
Changed Requirements	2	-8	3
Budget Growth	675	147	34
Inflation (including pay)	201	428	435
Pay Increments	82	69	42
Adjustments to Contingency	-235	38	-14
Effect of previous decisions	13	10	12
Revenue Impact of Capital Financing	-64	216	128
Targeted Savings	-1,966	-603	-15
Use of Reserves	-65	0	0
Single Year Requirements	69	-105	-30
Total Changes	-1,234	186	595
Budget Requirement presented to F&R Committee	43,038	43,078	43,804
Changes since Finance & Resources Committee			
Scheme Sanction Charges	8	-2	0
Changed assumption re: Voluntary Redundancy timing	35	-35	0
Resilience Grant Surplus	-30	0	0
National Operational Guidance	0	10	10
Additional S31 Grant for NNDR limitations	-131	130	0
Contribution to Reserves re: S.31 grants	117	-117	0
Surplus On Collection	-145	145	0
Total Changes since F& R Committee	-146	131	10
Actual Budget Requirement	42,892	43,209	43,814

- 2.20 The corrections and adjustments figures relate to the recalculation of previous budget estimates in the light of better information being available since these estimates were made in early 2013 or where items should have been included in the estimates but were excluded in error.
- 2.21 The changed requirements heading reflects items that were included in the budget but where the basis for the inclusion has now changed. There are eight

single items in this heading, all under £10,000 and a mixture of both reductions and increases.

- 2.22 Growth is clearly an area in which Members will be interested as this represents areas of the budget which are increasing beyond the 2013 estimates. These areas are therefore set out in detail in the table below:

Additional Requirements				
Heading	2014/ 2015 £000's	2015/ 2016 £000's	2016/ 2017 £000's	Reason
Transport Maintenance	4	3	2	Agreed contract increases
Bring Budget into line with expenditure	49	0	0	Where actual performance shows that budgets are wrong
Insurances	17	0	0	General Inflation
Double Counted Budget Savings	-8	0	0	An item identified at review which had already been deleted
Consultancy fees	0	5	0	HR Retenders – specialist advice
Reduction in External Funding	26	0	0	Withdrawal of partners in provision of I.R Officer
Trading Company	-6	0	0	Increased charges
Ill Health Retirement	0	0	21	Small increase in expectations
CPD entitlements	27	0	0	Staff qualifying for CPD increasing
Additional Bank Holiday	19	63	-126	variations in the dates of Bank holidays
Increase in LGPS contributions	0	56	1	Increase following actuarial valuation
Job Evaluation	20	20	20	Contingency sum to provide for JE
Increased NI rates	0	0	116	Removal of contracted out status
NI on overtime	90	0	0	Higher rate NI payable
New AM Rota	30	0	0	increased availability enhancement
Base shortfall on pension contributions	36	0	0	Recalculation of contributions
Prince's Trust	85	0	0	Sharp reduction in income
RDS Pension provision	150	0	0	Admission of RDS to the Pension Scheme
Service Technician Post	24	0	0	Error in 2013/2014 budget. Post not

Additional Requirements				
Heading	2014/ 2015 £000's	2015/ 2016 £000's	2016/ 2017 £000's	Reason
				included
Apprentice Scheme	52	0	0	Provision for 4 apprentices
Compartment Fire Training	50	0	0	Cost of remote training
Occ Health Assistant	10	0	0	Asbestos medical requirement.
Total	675	147	34	

- 2.23 Inflation broadly divides into two areas, the largest of which is pay inflation which has been assumed to run at 1% for each of the following three years. The allocation of inflation is shown in the following table:

Inflation				
Heading	2014 2015 £000's	2015 2016 £000's	2016 2017 £000's	Comments
Pay Award Provision	335	308	299	Pay award assumption of 1%
Pensions	0	60	16	
Premises Costs	6	34	46	
Fuel	0	0	35	Budget sufficient until 2016
Other Non-pay	23	27	40	
Increased charges to Trading Company	-1	-1	-1	
Other Income	-1	0	0	
Reversal of previous inflation assumptions	-161	0	0	Over provision in 2013/2014
Total	201	428	435	

- 2.24 Pay increments are contractual increases in pay as a result of staff moving up the pay scales annually. This is a particular issue due to the increasing amount of turnover which is initially bringing in new staff on lower incremental points.
- 2.25 Adjustments to contingency reflect the changes to the general contingency which has been reassessed in the light of experience.
- 2.26 The effects of previous decisions largely relates to a series of low value adjustments to take account of decisions such as paying for a Council Tax leaflet, increasing the number of Prince's Trust teams etc.

2.27 The Revenue Impact of Capital Financing is the actual cost charged to the Revenue Account of both Minimum Revenue Provision and interest charges. Decisions to finance some capital from grant and/or revenue have created a saving in this budget during 2014/2015 but this returns to expected levels in subsequent years. These figures could themselves change if grant bids are successful.

2.28 The figures for targeted savings break down in the following table:

Budget Savings			
Heading	2014/2015 £	2015/2016 £	2016/2017 £
NFRS property used instead of external venues	-12	0	0
Procurement Savings	-8	-8	-10
Budget Holder Initiatives	-26	-11	0
Base Budget Review	-557	0	0
Align Budgets with actuals	-99	-7	0
Station Based Catering Agreement	-4	0	0
Reduction in casual mileage rates	-19	0	0
Fire Report Charges	-4	0	0
External Funding	-56	0	0
Closure of Arnold RDS	-93	0	0
Change in Bank Holidays	0	0	-5
Review of subsistence	-7	0	0
Voluntary Redundancies (Phase 2)	-107	-135	0
Control Budgets	-8	0	0
2 nd Pump at West Bridgford	-379	0	0
Movements from 1992 to 2006 Pension schemes	0	-3	0
Enhanced Crewing	0	-303	0
Trading Company Dividend	-15	0	0
Reduce Wholetime Pay Contingency	-148	0	0
Reductions in RDS pay budget	-200	0	0
Deletions of vacant posts	-121	0	0
Vacancy Rate – Wholetime 4 posts	0	-136	0
New Section 31 Grant	-103	0	0
Total	-1966	-603	-15

2.29 The figure for the use of reserves reflects the, as yet, unresolved shortfall in the 2013/2014 revenue budget which will be dealt with as part of this process.

- 2.30 Single year requirements usually relate to issues such as replacement equipment which constitutes £50k of this figure. These items usually reverse out in subsequent years hence the credits in 2015/2016 and 2016/2017.

CHANGES SINCE THE FINANCE AND RESOURCES COMMITTEE MEETING

- 2.31 As the billing authorities declare their surpluses and deficits for 2013/2014 and government make their determinations of Section 31 grant there are inevitably changes to the budget predictions which need to be incorporated into this report. There is another small change relating to the change in timing assumptions around voluntary redundancies and a small variation due to HMRC scheme sanction charges on the fire fighters pension scheme. Overall these changes benefit the budget in the short term.
- 2.32 A full analysis of all changes to the base budget from 2013/2014 is given as Appendix A and a full breakdown of the subjective analysis is given as Appendix C.

FINANCING THE BUDGET

- 2.33 The Authority receives income from Revenue Support Grant, Business Rates (NNDR) and Council Tax. The government made the announcement of the final settlement figures on 5 February 2014 and these are set out in the table below:

	2014/2015 £	2015/2016 £
Revenue Support Grant	12,511,048	10,387,258
Top Up Grant	6,355,632	6,531,053
NNDR from Billing Authorities	3,296,322	0
Estimated NNDR	0	3,395,405
Total Grant Yield	22,163,002	20,313,716

Again there is a slight variation in grant yield for 2014/2015 from that reported to F&R Committee and there have been no estimates prepared for 2016/2017

- 2.34 The Billing Authorities have declared a taxbase of £291,750.36 at Band D which means that Council Tax yield for 2014/2015 would be £20,332,083 if council tax is sustained at £69.69 per band D property. This compares with a yield of £19,921,395 for the same level of council tax in 2013/2014 and reflects an increase in council taxbase of approximately 2%. All of the earlier estimates were based on a 1% increase.
- 2.35 Government have again however offered a further Council Tax freeze grant for those authorities that do not increase their council tax in 2014/2015. This would be £237,000 for the Fire Authority which broadly equivalent of what a 1% rise would have been in 2014/2015.

- 2.36 The Secretary of State has also announced that if the authority is seeking to have a Council Tax rise above 2.0% it must hold a referendum to gain local democratic support for such a rise. For practical purposes Council Tax can only rise by 1.99% as an absolute maximum but to raise Council Tax by this amount would risk inadvertently breaching the 1.99% limit due to complexities in the calculation. The Finance and Resources Committee has therefore decided to recommend to the Fire Authority a rise in Council Tax levels of 1.95%.
- 2.37 The following table shows the position of the Authority if a 1.95% increase is agreed for each year from 2014/2015 to 2016/2017.

	2014/2015	2015/2016	2016/2017
Revenue Support Grant	12,511,048	10,387,258	
Top Up Grant	6,355,632	6,531,053	
NNDR	3,296,322	3,395,405	
Total Grant Yield	22,163,002	20,313,716	19,482,735
Council Tax Yield	20,728,863	21,345,740	21,978,834
Total Funding	42,891,865	41,659,456	41,461,569
Budget Requirement	42,891,865	43,209,162	43,814,547
Surplus	0	0	0
Deficit	0	1,549,706	2,352,978
Band D Council Tax	71.05	72.44	73.85
Rise per annum	1.36	1.39	1.41

- 2.38 Grant figures shown for 2016/2017 are estimates based on the expectation that grant will reduce by a further 4% in 2016/2017 which would appear to match the expected profile.
- 2.39 As the budget for 2014/2015 has now been balanced, the impact of any shortfalls being carried into 2015 and beyond has been reduced meaning that the overall budget reductions required to meet future targets have reduced accordingly. Nevertheless a budget reduction strategy which takes a further £2.4m out of the base will be required. It should be noted that the £2.4m shortfall shown above for 2016/2017 is a cumulative figure and includes the £1.5m reduction from 2015/2016.
- 2.40 The position if the Council Tax freeze grant was accepted would be that an additional cumulative shortfall of approximately £500,000 would be generated thus raising the overall deficit to over £3m by 2016/2017.

EFFECT ON BALANCES

- 2.41 Members will be aware that the authority holds reserves and balances and that the level recommended for 2014/2015 following the risk assessment is £4.2m. The following table shows the effect on balances if the budget shortfalls going forward are not addressed and the position if appropriate budget reductions are made:

	2013/2014	2014/2015	2015/2016	2016/2017
	£	£	£	£
Opening Balance	7,763,609	5,752,242	4,319,497	4,319,497
Contribution to RCCO	(2,011,367)	0	0	0
S31 Grant contribution	0	116,961	0	0
Contribution from Reserves	0	0	1,549,706	2,352,978
	5,752,242	5,869,203	4,319,497	1,966,519

- 2.42 It is important to consider that without budget reductions the balances will reach minimum levels by 2015/16 and even sooner without an increase in Council Tax in 2014/2015.
- 2.43 It is therefore important that options for budget reductions are brought before the Fire Authority as requested by the Finance and Resources Committee. This is the subject of a paper elsewhere on this agenda.

PROPOSAL FOR COUNCIL TAX INCREASE OF 1.95%

- 2.44 In order to apply a council tax increase of 1.95% the Authority will need to set a Band D Council Tax of £71.05 per annum in 2014/2015.

Specifically in 2014/2015 Council Tax would be set at the following levels:

Band	2014/15 Council Tax	2013/14 Council Tax	Increase per Annum
Band A	£47.37	£46.46	£0.91
Band B	£55.26	£54.20	£1.06
Band C	£63.16	£61.95	£1.21
Band D	£71.05	£69.69	£1.36
Band E	£86.84	£85.18	£1.66
Band F	£102.63	£100.66	£1.97
Band G	£118.42	£116.15	£2.27
Band H	£142.10	£139.38	£2.72

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:

Authority	Taxbase	Percentage	Precept
		%	£
Ashfield	30,256.20	10.37	2,175,529.00
Bassetlaw	31,893.84	10.93	2,289,853.32
Broxtowe	32,188.65	11.03	2,297,777.57
Gedling	34,912.38	11.97	2,504,798.59
Mansfield	26,943.82	9.24	1,914,358.40
Newark and Sherwood	36,233.47	12.42	2,574,388.03
Rushcliffe	39,373.00	13.49	2,836,954.64
Nottingham City	59,949.00	20.55	4,320,003.43
Total	291,750.36	100.00	20,913,662.98

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

COMMENTS OF THE TREASURER

- 2.45 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.
- 2.46 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.
- 2.47 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.
- 2.48 A statement by the Authority Treasurer is included as Appendix B 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 has been 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 2014/2015 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 Set a Council Tax and precept based on a 1.95% increase in council tax as given at paragraph 2.44 above;
- 9.2 Approve in principle a similar increase in council tax for 2015/2016 to enable further budget planning to take place;
- 9.3 Approve the payment of Members Allowances for 2014/15 in accordance with the existing scheme.

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

None.

Frank Swann
CHIEF FIRE OFFICER

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

	2014/2015	2015/2016	2016/2017
	£	£	£
Prior Year Base Budget	43,898,610	42,891,865	43,209,162
Minor Adjustments			
Clothing & Uniform	0	0	0
Travel budgets	-27,810	-6,570	0
Members	2,210	0	0
Pensions inflation	-25,959	0	0
Transport	-595	0	0
Re-instatement of shortfall in Admin Pay Budget	103,692	0	0
Subsistence	157	0	0
Growth			
Transport maintenance	3,980	3,180	2,184
Bring budget into line with expenditure	62,249	0	0
Insurance	72,074	0	0
Base budget review savings double-counted	-30,200	0	0
Consultancy fees for HR re-tenders	0	5,000	0
Reduction in external funding	25,860	0	0
Re-assessment of charges to Trading Company	-5,698	0	0
Pensions additional IHR	0	0	20,900
Increase in numbers of WT with CPD payments	26,601	0	0
Additional bank holidays	48,776	62,730	-126,475
Increase in LGPS contribution	0	8,212	0
Maintain JE contingency	20,000	20,000	20,000
Assumed increase in LGPS employer rate	0	48,356	856
End of "contracted out" lower NI rate	0	0	116,580
Increase in NI paid due to pre-arranged overtime etc.	90,105	0	0
Cost of new AM rota	29,612	0	0
Base budget shortfall re pension contributions	35,837	0	0
Decrease in Princes Trust surplus, offset by reserve transfer	85,320	0	0
RDS retrospective joining pension scheme / auto-enrolment	150,000	0	0
Service Technician post - should have been WM post conversion	24,308	0	0
Apprenticeship Scheme (4 posts)	51,994	0	0
Compartment Fire Behaviour training	50,000	0	0
Occupational Health Assistant (part of cost)	10,000	0	0
Contribution to National Operational Guidance	0	10,000	10,000
Taxation charges re Loss of Protected Pension Age	7,791	-2,437	0
Inflation			
Pay	335,093	306,523	297,677
Pensions	0	60,265	16,376
Members allowances	0	1,137	1,149
Premises costs	57,966	33,821	46,150

	2014/2015	2015/2016	2016/2017
	£	£	£
Fuel	30,225	0	34,928
Other non-pay	38,498	27,295	39,951
Inflation re Services to Trading Co	-511	-671	-721
Income	-961	-436	-515
Adjustments to inflation calculated in previous year	-41,735	0	0
General	0	0	205
Approved by CMB			
Fire protection – Reduction of 3 WMs	-105,430	0	0
IRMP consultation reduction	-55,000	0	0
General Contingency	0	38,231	-14,062
Previous Policy – Ongoing Effects			
Station rebuild and refurbishment	60,000	10,000	12,000
Voluntary Redundancy programme 1	1,000	0	0
Printed Council Tax Leaflet	6,000	0	0
Reducing employee numbers	-2,000	0	0
Princes Trust increased number of teams	7,600	0	0
Change in investment income due to changed level of reserves / cash balances	39,000	0	0
Pay Increments	81,993	68,666	41,664
Changed Requirements			
Conversion of Edwinstowe to W/T	960	0	0
Use of Tuxford by SRT	960	0	0
Compulsory transfers	4,169	0	0
Long service awards	-75	0	0
Increased use of pool cars	-2,000	0	0
End of CFOA European Working Group	-2,000	0	0
Scheme sanction charges required by pension regs	5,000	0	0
Rescheduled demand for blues & twos	-6,600	-8,700	4,300
Revenue Impact of Capital Financing	-2,091,180	215,867	128,328
Savings			
Use NFRS accommodation instead of external	-12,000	0	0
Procurement savings - retendering, purchasing differently etc.	-8,000	-7,560	-10,000
Budget holder initiatives to save money	-55,344	-11,000	0
Base budget review savings	-533,093	0	0
Bring budget into line with expenditure	-118,161	-7,100	0
Collective agreement re Station based catering	-3,564	0	0
Income generation - aspirational target	-25,450	0	0
Reduction in casual mileage rate	-18,514	0	0
Increase charges for Fire reports	-4,375	0	0
Increased external funding	-55,467	-275	-277
Arnold RDS	-93,186	0	0
Less bank holidays in year	0	0	-6,000
Review of Subsistence	-7,230	0	0
Resilience Grant surplus	-30,000	0	0
Change in Surplus on Collection Fund	-144,744	144,800	0
Voluntary Redundancy programme 2	-71,937	-169,501	365

	2014/2015	2015/2016	2016/2017
	£	£	£
Remaining savings in Control establishment	-8,002	0	0
W Bridgford 2nd Pump	-379,074	0	0
Migration from 1996 to 2006 FF pension scheme	0	-2,631	0
Enhanced Crewing	0	-303,428	0
Trading Co. dividend	-14,516	0	0
Reduce Wholetime pay contingency from 8 to 4 equivalent FF posts	-148,336	0	0
Reduce RDS budget by £200k	-200,000	0	0
Delete 5.5 vacant posts and add 1 new Corporate Communications Assistant	-112,210	0	0
Assume 4 FF posts will be vacant each year on average	0	-136,488	0
New Section 31 Grant re NDR	-234,659	131,357	0
Use of Reserves/Contingencies	2,112,304	-116,961	0
One Off Reversing Items			
Finance	10,000	-10,000	0
Equipment	-33,000	-66,000	-40,000
Premises	-6,500	0	0
Equalities Subscription	-400	1,665	0
Equal Pay Review	0	0	10,000
Recruitment of POs / Firefighter selection tests	11,000	-21,000	0
Rolling equipment replacement Media Services	3,100	-3,800	0
Training	6,000	-6,000	0
Tri-Service Control system	-2,573	0	0
	42,891,865	43,209,162	43,814,547

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 2014/2015 but note the general reductions in balances and reserves that have occurred in support of the transition to lower budgets and in reducing the revenue burden of borrowing for capital.

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 C

CASH LIMIT ASSUMING 1.95% INCREASE IN PRECEPT

		Original Budget 2013/2014 £000s	Revised Budget 2013/2014 £000s	Budget Requirement 2014/15 £000s	Budget Requirement 2015/16 £000s	Budget Requirement 2016/17 £000s
Employees	Direct Employee Expenses	32,925	32,912	32,661	32,561	32,901
	Indirect Employee Expenses	497	507	530	523	523
	Pension	775	775	778	838	876
		34,197	34,194	33,968	33,922	34,299
Premises-Related Expenditure	Repairs Alterations and Maintenance of Buildings	488	500	537	538	545
	Energy Costs	373	373	389	412	442
	Rents	107	107	95	95	95
	Rates	652	652	712	722	734
	Water	53	53	65	67	68
	Fixture and Fittings	1	1	1	1	1
	Cleaning and Domestic Supplies	295	295	272	278	284
	Grounds Maintenance Costs	24	24	25	25	26
	Premises Insurance	26	26	26	27	27
	Refuse Collection	34	34	35	36	37
	2,054	2,065	2,158	2,202	2,260	
Transport-Related Expenditure	Direct Transport Cost	1,082	1,082	1,123	1,173	1,238
	Recharges	189	189	146	146	146
	Public Transport	26	27	22	22	22
	Transport Insurance	207	207	267	272	278
	Car Allowances	420	420	375	368	368
	1,924	1,924	1,932	1,980	2,051	
Supplies & Services	Equipment Furniture and Materials	925	953	724	676	636
	Catering	55	65	45	45	45
	Clothes Uniforms and Laundry	328	343	294	264	264
	Printing Stationery and General Office Expenses	88	89	79	88	98
	Services	484	495	489	469	475
	Communications and Computing Expenses	1,714	1,714	1,608	1,616	1,606
	49	56	40	40	40	
	Original Budget 2013/2014	Revised Budget 2013/2014	Budget Requirement 2014/15	Budget Requirement 2015/16	Budget Requirement 2016/17	

APPENDIX C

CASH LIMIT ASSUMING 1.95% INCREASE IN PRECEPT

		Original Budget 2013/2014	Revised Budget 2013/2014	Budget Requirement 2014/15	Budget Requirement 2015/16	Budget Requirement 2016/17
	Grants and Subscriptions	38	38	35	38	38
	Miscellaneous Expenses	578	563	318	319	320
		4,257	4,315	3,632	3,555	3,522
Third Party Payments	Other Local Authorities	100	100	102	103	103
	Private Contractors	24	24	23	23	24
		124	124	125	127	128
Support Services	Finance	175	175	153	156	159
	Corporate Services	42	42	41	42	42
		218	218	194	198	201
Income	Customer and Client Receipts	-664	-614	-552	-553	-553
	Government Grants	-222	-222	-515	-416	-416
	Other Grants/Reimbursements and Contributions	-2,209	-2,337	-267	-240	-240
	Interest	-125	-125	-86	-86	-86
		-3,220	-3,298	-1,420	-1,295	-1,295
Capital Financing Costs	Interest Payments	1,059	1,059	961	1,030	1,079
	Debt Management Expenses	3,286	3,298	1,343	1,490	1,569
		4,345	4,357	2,304	2,520	2,648
Budget		43,899	43,899	42,892	43,209	43,815