NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Finance and Resources Committee

MEDIUM TERM FINANCIAL STRATEGY 2008/09 TO 2010/11

Report of the Treasurer to the Fire Authority

Agenda Item No:

Date: 25 July 2008

Purpose of Report:
To present a Medium Term Financial Strategy to the Fire and Rescue Authority for approval.

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1. BACKGROUND

1.1 The Fire and Rescue Authority has a number of financial strategies in place for the good financial management and governance of the Authority.

1.2 It is good practice however, to bring these strategies together into a single overarching financial strategy which clearly demonstrates that the finances of the organisation are stable and "joined up" with other corporate strategies such as the Community Safety Plan and that the financial platform is sufficient to enable the delivery of the Authority's corporate objectives.

2. REPORT

2.1 The Medium Term Financial Strategy is attached in full to this covering report and therefore no detail is presented here. However the financial strategy includes sections as follows :

- Financial Management
- Context of the Strategy
- Objectives of the Strategy
- Funding Priorities and Service Improvement
- Medium Term Risks
- Components of the Medium Term Strategy
- Revenue and Capital Budgets
- Fees and Charges
- Treasury Strategy
- External Funding
- Reserves and Provisions
- Working Balances
- The Prudential Code
- Value for Money
- Partnership Working
- The Regional Dimension

2.2 The Strategy also contains appendices on :

- Value for Money Programme
- Treasury Management Strategy
- Use of Balances
- Prudential Code
- Capital Programme 2008/9 – 2010/11
- Revenue Budget 2008/9 – 2010/11

2.3 It is proposed that the Authority should adopt this Medium Terms Financial Strategy and continue to review this annually.

3. FINANCIAL IMPLICATIONS

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

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources and learning and development implications arising directly from this report.

5. EQUALITY IMPACT ASSESSMENT

There is no requirement for an equalities impact assessment for this report.

6. CRIME AND DISORDER IMPLICATIONS

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

7. RISK MANAGEMENT IMPLICATIONS

The establishment of a robust framework for financial management and the allocation of resources to corporate priorities will do much to minimise the risks to the achievement of the organisations objectives.

8. RECOMMENDATIONS

That Members note the contents of this report.

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

None.

Peter Hurford
TREASURER TO THE FIRE AUTHORITY

Appendix A

NOTTINGHAMSHIRE
Fire & Rescue Service

Medium Term Financial Strategy
2008/09 to 20010/11

Contents

1. Financial Management

1.1 The External Auditors of the Authority, the Audit Commission, have consistently issued unqualified audit reports and positive management letters to the Authority in respect of their audit of accounts. There have been a number of significant changes recently in the presentation of accounts reflecting the general movement away from UK GAAP (UK Generally Accepted Accounting Practice) to IFRS (International Financial Reporting Standards). These changes have been achieved in the accounts for 2007/8 and some restatements of the 2006/7 accounts which were approved by the Authority on 27th June 2008. The external auditors had also recognised a number of risks to the achievement of these changes which have all been specifically addressed. The latest available Auditors Management Letters are published on the Authority's website.

1.2 The gradual movement towards full compliance with IFRS will remain a challenge for 2008/9 and beyond and will involve a significant commitment from finance staff.

1.3 The Comprehensive Performance Assessment (CPA) was last carried out in full in 2005 however a number of specific reviews have been carried out in 2007. Those of particular interest in respect of financial matters are the Value for Money and Use of Resources elements. Having received a score of 2 for use of resources in the previous assessment it was pleasing to have been reassessed at level 3 in the use of resources element. The Value For Money element within the Use of Resources Assessment was recategorised as a level 2, however this related in the main to a disappointing set of performance statistics which are of a non-financial nature. Recent performance shows significant improvements in those areas.

1.4 Medium term financial planning is essential to the delivery of high quality services. Balancing priorities and resources requires the Authority to take account of tensions between national and local priorities, changes in national funding regimes and the impact that these have on our communities.

2. Context of the Strategy

2.1 The primary focus of the organisation is set out in a fundamental strategy document, the Community Safety Plan. This plan fulfils all the requirements of an Integrated Risk Management Plan and sets out the business of the organisation over the next 3 years. This document essentially represents the Service delivery commitments to the general public and it is therefore essential that resources are effectively managed to achieve the outcomes set out in this plan.

2.2 The Medium Term Financial Strategy sets out how finances are to be managed in such a way as to manage levels of Council Tax, Reserves and Balances. In simplistic terms it sets out how a stable and robust financial platform can be created such that the developments and improvements in services set out in the Community Safety Plan can both be achieved and sustained over time.

3. Objectives of the Strategy

3.1 The Objectives of the Authority's financial strategy are as follows:

1. To provide a robust framework to assist the decision making process
2. To enable the Authority to be proactive rather than reactive in terms of financing
3. To show how resources support the Authority's Community Safety Plan over its full term.
4. To support sustainable service delivery by the use of revenue budgets, reserves and balances.
5. To seek to minimise the impacts on the Council Tax payer of fluctuations in demand for resources.
6. To hold a working balance sufficient to respond to unexpected events and/or opportunities.
7. To be flexible and responsive to changes in needs and legislation
8. To support the continuance of the Authority's core services and strategies.
9. To provide forward looking indications of Council Tax levels.

3.2 A number of principles have been developed to underpin these objectives:

1. Resources will be prioritised to meet the core aims of the Service as set out in the Community Safety Plan and its updates.
2. Priorities will be reviewed in the light of available resources and financial performance
3. Capital Receipts will only be applied to the redemption of debt or the financing of additional capital assets
4. Capital will be financed using the most advantageous method prevailing at the time finance is required. Full options appraisal will be carried out before financing decisions are taken.
5. The rate of return on investments will take account of the advice received from the Authority's external advisors
6. Council Tax rates will be transparent and sustainable. This means that budgets will not be lowered and supported by balances unless this is part of a long term sustainable strategy and approved by Members.
7. Charging for services will remain sensitive to the needs of communities and their expectations of the service.
8. Sponsorship funding will not be sought to underpin front line or core service delivery unless a long term plan for sustainability has been developed.
9. The Authority will continue to direct resources to the areas of greatest need in our communities and seek to address the wider safety agenda.
10. The Authority will actively seek to work with partner organisations in both setting and delivering priorities.
11. The Authority will apply any year end surpluses to balances and/or reserves notwithstanding the commitment to allow sums to be carried forward until such time as the target level of balances has been achieved.

3.3 There are a number of key outputs which will help to both assure and monitor the effectiveness of this strategy and the underlying principles. The following list is not exhaustive but provides a flavour of the outputs that may be expected:

Production of the three year revenue and capital budgets, including associated briefing papers, consultations and seminars.

Production of quarterly monitoring statements for both Capital and Revenue including project based performance as appropriate.

Supporting information sent to all Council Taxpayers

Prudential Code Monitoring Reports produced quarterly

External Audit Management Letter

Risk based approach to the maintenance of Balances and Reserves

Internal Audit reports reviewed by the Finance and Resources Committee

Grant Claims etc. submitted on time.

4. Funding Priorities and service improvements

4.1 The funding priorities of the Authority relate entirely to those set out in the Community Safety Plan and relate in equal share to the three interrelated priorities of Prevention, Education and Response. All resources are targeted towards these three objectives.

4.2 This "three pronged" approach to the safety of our communities is mirrored through into the budget and resource planning processes. The detailed working underlying the Authority's budget proposals for 2008/9 to 2010/11 shows a clear commitment by both officers and Members not only to the delivery of these broad priorities but also to resourcing the individual projects and activities which will ensure their delivery.

4.3 Developments in the service will be resourced from a number of sources including:

Recycling resources released by efficiency savings
Reassessment of service priorities
Additional revenue budget allocation where appropriate
Government Grant Funding
Sponsorship (where resources are temporary or not core activity)

4.4 The performance management framework will enable the achievement of service priorities to be monitored and strive to achieve continuous improvement.

4.5 Time limited and specifically targeted government funding will be used to fund specific and non-recurring cost items and fund capacity building around service improvement.

4.6 A full commitment to the Local Area Agreement will (via the Local Strategic Partnership) create strong local partnerships in support of our wider objectives and also release significant funds to the organisation if successful. These funds will be reinvested in even further initiatives to continue the drive to create safer communities.

4.7 The operation of the Prudential Code for Local Authorities creates opportunities for capital investment and asset planning which were not possible under the old capital financing regime. This will enable the authority to make maximum use of capital investment to support the achievement of objectives.

4.8 A pro-active approach to the achievement of Value for Money by seeking to embed VfM principles will release resources to improve service delivery.

4.9 The Authority will continue to make use of trading activity for as long as possible to both support the revenue budget and maintain a presence in the community.

5. Medium Term Risks

5.1 There are a number of risks which can affect this strategy in the medium term, some of which are beyond the direct control of the Authority. A significant change in any one of the following key risk areas could adversely impact upon this strategy.

5.2 *Investment Interest Rates.* The Authority has accumulated reserves of cash both in respect of working balances and other reserves. These cash balances are invested to generate income from interest. In addition a positive approach is taken to the active management of cash by the use of a specialist vehicle from the Royal Bank of Scotland. In consideration of this £220,000 is expected to be generated from interest in 2008/2009. If interest rates fall then this source of funding will be under threat of some kind. Given the effect of the "Credit Crunch" it is impossible to predict rates with any certainty for whilst Bank Rate remains reasonably stable, the market is still paying premium rates. What is apparent however is that institutions which might previously have been thought to be very safe risks are becoming more risky. This means that vetting and the choice of borrower is becoming more important.The process for managing these funds is set out in the Treasury Management strategy document which was approved by the Fire Authority on 4th April 2008.

5.3 *Loan Interest Rates.* As the Authority matures and outstanding debt becomes a more significant burden on the revenue budget there is naturally an increased exposure to movements of interest rates. Although the Authority has adopted a general policy of using fixed interest vehicles to minimise this risk in the longer term there is still an exposure from the loan charges on new capital being greater than anticipated. On the advice of the Authority's consultants on Treasury matters a great deal of the Authority's loan debt has been restructured to take advantage of exceptionally low long term interest rates. This has meant that the average loan maturity figures shown in the latest prudential code report are much longer than those for previous years. This is part of a medium term strategy to hold long term debt at low rates but reschedule this at a later date if rates are more advantageous. The overall strategy for borrowing is set out in the Treasury Management Strategy document and in the Prudential Code Report. This strategy needs to “follow through” in terms of eventually seeking to mirror the debt outstanding profile with the profile of asset lives. This will be possible by rescheduling debt again as shorter term interest rates fall in relation to long rates.

5.4 *Pensions* There are a number of risks associated with pensions:

That employers contributions for non-uniformed personnel will rise significantly.

That employers contributions for uniformed personnel will rise significantly.

That the effect of the admission of Retained personnel to the new fire-fighters scheme will have a major impact on budgets

That the pattern of early retirements and Ill Health retirements in the service will have a serious impact on budgets if unchecked.

In the first scenario, it is likely that employers contributions to the local government pension scheme will continue to rise. However recent consideration of this issue shows that this is unlikely to be significant unless the Authority’s record of low rates of early and ill health retirements worsens. The performance of the fund over the 12 months to 31st ‘March 2008 has been poor as a result of general poor stock exchange performance however this is still expected to improve in the longer term. A recent actuarial valuation of fund assets and liabilities has taken place which has taken this into account and also recent changes in predictions of longevity. This has resulted in increases in employer contributions but these were included in budget predictions. The small number of staff in this scheme however means that any residual risk remains small.

Since the passing of pension liabilities to the CLG employers have been required to make a 21.3% of salary contribution to the scheme for those staff in the old 1992 scheme. For those in the 2006 scheme the contribution is 11%. It seems increasingly unlikely that these levels of contribution can be sustained given recent changes to longevity assumptions and the large increases in commutations recently announced. This is not a risk that can be managed other than by the maintenance of adequate balances.

The Admission of Retained Duty Personnel into the new fire-fighters pension scheme could potentially be costly depending on the eventual rules which have yet to be consulted on. Whilst the Authority has made reasonable provision for this change there is no doubt that if substantial numbers of retained staff opt to join the scheme there will need to be some realignment of funds to pay for this.

The biggest risk in the short and medium term however is in the area of both Ill Health and Early retirement from the existing scheme. All the costs from such retirements now fall directly on to Fire Authority budgets and costs per early retiree could be as high as £120,000. Recent changes in Pension regulations make the incidence of ill health retirements less likely and therefore this risk has reduced somewhat.

5.5 *Grant Funding*. The Revenue Support Grant settlement for the years 2008/9 to 2010/11 was announced in December 2007 and so therefore there is a measure of certainty about grant funding for the next three years. In the longer term though funding streams remain uncertain due to a revision of the grant funding formula which is currently taking place. The impact of any changes are difficult to predict but will in all probability be consulted on quite early to allow changes to be made to budgets if necessary. The Authority needs to remain alert to these proposals as they emerge to ensure that there are both no significant step changes in Council Tax levels nor reductions in service levels resulting from any proposed reductions in grant.

5.6 *Firelink.* Firelink is the new replacement for the mainscheme radio system which is a pre-requirement for the implementation of Regional Control Centres. Although the contracts have already been signed by the Office of the Deputy Prime Minister there is no indication of how much this will cost at individual service level or indeed even of what the charging regime will be. The Authority has already set aside some budget for this but whether this will prove to be adequate remains to be seen.

5.7 *Regional Control Centre.* The East Midlands are in the first wave for the introduction of Regional Control Centres and whilst this is supposed to be a cash saving exercise it is becoming clear that this will be far from the reality. The Regional Fire Control Company has now been formed and ultimately the costs that are transferred to each Fire Authority in the region will be determined by that company. As these are as yet unknown it is impossible to predict what the impact on budgets may be. The company itself remains in a vulnerable financial position as it is effectively controlled by the five regional authorities. Whilst on the one hand it may attempt to determine a budget which is generous, it may also be effectively starved of funds if Fire Authorities budgets come under any significant pressure.

5.8 *Long Term Capital Sustainability.* As referred to above the Authority is relatively immature in terms of the build up of loan debt and leasing to support the capital base of the organisation. Progress is being made on the construction of a locally determined credit ceiling for affordable borrowing which, whilst largely covered within the principles of the Prudential Code, will be more closely matched to the profile of the asset base. This is to ensure that the credit ceiling is not reached before the requirement to undertake major capital schemes is exhausted. The risk is that the Authority reaches the point of having used up its credit ceiling and thereby needs to redeem debt or sell assets before any further schemes can take place.

6. Components of the Medium Term Strategy

6.1 This section briefly explains some of the processes and key components that underpin the medium term financial strategy.

6.2 *Revenue and Capital Budgets.* The process for the preparation of revenue and capital budgets is now mature but continues to develop each year. There is now positive involvement of business plan owners in the development of the budgets which have been drawn up side by side with business plans. This has been developed still further in the preparation of the Revenue Budget from 2008/9 to 2010/2011 and there is now increased ownership around budget decisions. This has meant that, as planned, budgets were being developed at the operational level from July onwards whilst discussions were taking place over the overall budget strategy. The Finance and Resources Committee had full involvement in the process and made proper recommendations to the Fire Authority for a meaningful consultation process to take place. As planned, the full three year budget was fully worked up before the Grant Settlement was announced in early December. This process continues to work well.

6.3 *Fees and Charges.* The Authority is allowed to make charges for the provision of a range of services to the public and to commerce. It has however been the practice of the Authority to avoid making charges for services which the public have a reasonable expectation of receiving free of charge. For example the Authority could make a charge for pumping out a domestic cellar after a flood but it was decided some years ago that this would not be reasonable. Instead the Authority has concentrated on charging for the more unusual requests often where there is no risk of death or injury, such as filling swimming pools and gaining entry. In addition the Authority makes charges for pollution incidents whenever possible on the principle that the polluter should pay for the damage that they cause. A proactive approach to charging for such incidents will be adopted and other areas such as non-emergency attendances at Road Traffic Collisions will also be actively considered as part of the 2009/10 budget strategy.

6.4 *Treasury Strategy*. The Treasury Strategy for the Authority was set out in full in a report to the Finance and Resources Committee of the Fire Authority on 4th April 2008. This strategy complies fully with the Chartered Institute of Public Finance and Accountancy code of practice on Treasury Management which the Authority has adopted. The strategy relies for its success on the appointment of financial advisors who enable the Authority to lend and borrow as prudently as possible. The Treasury Management Annual Report for 2006/7 which sets out the performance of the treasury function was also considered by the in July 2007 Finance and Resources Committee. The overarching policy for lending remains that short term active cash will be placed with the Bank of Scotland Local Authority Account if planned, Barclays deposit if unplanned and longer term money will be placed on the capital markets with a range of approved institutions. Efforts will be made to ensure a sufficient spread of borrowers to minimise risk exposures.

6.5 *External Funding*. Efforts will continue to be made to secure as much external funding as possible either from Government Grant or from sponsorship and partnerships. These are managed carefully to ensure that the sudden withdrawal of funding does not have a negative impact on revenue budget nor cause the Authority embarrassment from having to close down successful projects due to lack of external funding.

There are no plans at the present time to enter into any Private Finance Initiative (PFI) funding for capital projects unless there is a strong indication that such a vehicle might prove cost effective. The Finance and Resources Committee has charged officers with carrying out a review of the Authority's long term capital requirements and make recommendations as to appropriate financing vehicles to be employed, which may of course include PFI vehicles if appropriate.

6.6 *Reserves and Provisions.* The Local Government Act 2003 requires that Authorities maintain adequate reserves and provisions to help ensure that the medium term policy programme is sustainable and that it can be delivered. In accordance with good accounting and financial practice, reserves and provisions will always be made in the accounts where appropriate. At present the authority has adequate levels of reserves and provisions although it is likely that from time to time these may need to be increased substantially to ringfence monies for particular projects or to deal with sustainability issues such as those inferred by the LGA 2003. In simple terms the difference between a reserve and a provision is that a provision is made for a known liability of known value whereas a reserve is created for a known liability of uncertain value.

6.7 *Working Balances.* In addition to reserves and provisions the Authority is also required to maintain an adequate level of working balances and the Treasurer is required to certify that these are adequate under S25. Local Government Act 2003.

Balances are maintained at an appropriate level by carrying out a risk assessment of financial risk exposures and calculating a value for balances. Accepting that the value of balances may fluctuate to deal with both emergent and changing risk the Authority has decided to target a minimum level of balances of £2.6m. At the end of 2007/8 the level of balances was just over £3.4m and it is anticipated that this level will be reduced to the target level over a number of years.

6.8 *The Prudential Code.* The freedoms provided by the Prudential Code for Capital Accounting are to be fully used to make the best possible investment decisions in relation to capital spending in order that meaningful choices can be made between borrowing, leasing and the use of capital receipts. Nevertheless it is still considered important that the Authority should not expose itself to unduly high levels of debt. This can be difficult to gauge as the Authority is maturing and therefore levels of debt will be expected to rise each year. However, it is necessary for a view to be taken as to how much debt is sustainable in the longer term. A review is to be carried out of this issue.

6.9 *Value for Money*. The Authority has already shown its commitment to achieving Value for Money in the report that was originally approved on March 24th 2006. This general strategy has been followed throughout 2007/8 and has been revised in a report to the Finance and Resources Committee on 4th April 2008. Progress reports have been given to the Finance and Resources Committee throughout 2007/8 and this will continue throughout 2008/9. Value for money remains as an overarching descriptor which encompasses a number of activities namely:

The annual efficiency savings targets
Best Value Reviews
Management Reviews

6.10 *Financial Health.* Work is currently being undertaken to develop a number of financial health indicators which will inform senior manager and members about the general state of the Authority's finances. These will be reported to the Finance and Resources Committee in the form of several "at a glance" performance indicators.

7. Partnership Working

7.1 The Authority is committed to working in partnership to achieve overall outcome objectives. Key to partnership activity is the involvement in the Local Area Agreements (LAAs) in both the City and County areas. These partnerships bring together a range of public service providers to concentrate efforts in a number of key areas. The Authority received over £800,000 in reward grant from the LAA and is committed to reinvesting this back into the community to further improve safety and support the work of the new LAA

The Government are introducing the concept of Comprehensive Area Assessments in the coming years which will require a much more citizen focussed approach to the use of resources The Authority is already beginning to engage with partners to achieve full involvement with this process.

7.2 Although the LAAs constitute the greater part of partnership activity other partnerships and collaborations are to be actively encouraged providing that they remain focussed on the delivery of the Authority's objectives. This relies therefore on the identification of shared outcomes with potential partners.

7.3 The new initiative launched in 2007/8 to enable stronger links to be forged with the voluntary sector by sponsoring some voluntary sector led projects in support of our Community Safety Plan objectives has been slow to gain momentum. Nevertheless this is to be pursued and further developed into 2008/9. This represents a significant cultural change for the organisation which has generally led on initiatives rather than enabled others.

8. The Regional Dimension

8.1 The Authority remains committed to supporting the Regional Management Board in its regional activities which have been largely prescribed by the National Framework document. This involves the delegation of some powers and a financial commitment which is fixed annually. For the involvement in regional projects to be successful however it is sometimes necessary to put aside local priorities to respond to regional ones. By virtue of membership of the Regional Management Board the Authority is also a member of the East Midlands Improvement Partnership (EMIP) and the East Midlands Centre of Excellence(EMCE).

8.2 The commitment to the Regional Control Centre remains high on the Authority's priorities as this will provide an efficient method of call handling and mobilisation. A Local Authority Controlled Company has been created to run the centre and early indications are that despite predictions of savings at the national level locally there could be increased costs.

Appendix A

VALUE FOR MONEY 2008/09

The proposed value for money programme consists of two elements:

- Achieving and measuring the level of efficiency gains required to meet the demands of the Comprehensive Spending Review 2007 (CSR07); and
- Improving value for money in its wider sense across the organisation.

CSR07 covers the three year period from 2008/09 to 2010/11 and sets the public sector a target of achieving cashable efficiency savings of 3% per annum against a baseline of net service expenditure for 2007/08. Mandatory targets have not been set for individual authorities, but authorities are expected to demonstrate their efficiency gains to Communities and Local Government (CLG) through Annual Efficiency Statements. Local targets will be set to enable the Authority to monitor its progress in achieving efficiency gains. The CLG released detailed guidance for Fire and Rescue Authorities in Spring 2008 which sets out the rules for declaring efficiency savings.

The target set by CSR07 is tougher than the previous targets imposed by the Spending Review 2004 (SR04). The target has risen from 2.5% to 3% per annum and under CSR07 there is a requirement for all efficiency gains to be cashable, whereas the SR04 target required only half of the gains to be cashable. A cashable gain represents a cash resource that is freed up for use elsewhere within the Service or to hold down Council Tax increases. It is therefore important that the Service ensures that systems for identifying, measuring and reporting cashable efficiency gains are suitably robust.

All budget holders and members of the Performance and Co-ordination Team (PaCT) and the Strategic Management Team (SMT) will receive guidance on ways in which cashable gains might be achieved, and will be asked to contribute to the calculation of a “forward look” value for money indicator, which will forecast the gains that are expected to be attained.

Projects and activities with the potential to generate efficiency gains will be analysed using a modelling tool developed by the Regional Improvement and Efficiency Partnerships. This spreadsheet tool, known as “Mietool”, has been specifically developed for use by local authorities and is designed to quantify forecasted efficiency gains and to monitor the realisation of anticipated benefits. Managers will be responsible for delivering the savings that are identified, with support provided by the Finance Team.

Performance indicators (including local performance indicators) and expenditure patterns will also be closely monitored for evidence that efficiency gains are being achieved. Managers are expected to report any new potential gains that are identified during the year to PaCT. Progress on the achievement of efficiency gains will be regularly reported to senior management and the Finance and Resources Committee.

In addition to meeting the efficiency targets set by Central Government, the Authority is also committed to improving value for money in its wider sense. This includes increasing productivity through the improvement of processes and working practices, evaluating activities to ensure that they are an effective means of achieving organisational priorities and objectives, and ensuring that the Service's impact on the environment is reduced wherever possible.

In recent years the Authority has achieved and demonstrated value for money primarily through the use of best value reviews, value for money programmes and special studies. These are an effective method of improving value for money and they will continue to be carried out. However, it has been recognised that this approach can lead to a belief amongst some managers that improving value for money is solely the responsibility of those that are directly involved with "value for money work". If the Authority is to continue to make improvements then it is essential that all managers are made aware of the importance of value for money and the role that they have to play in achieving it. For this reason it is the intention to shift the emphasis of the Authority's value for money programme towards embedding value for money principles into management processes and decision making.

The proposed arrangements for achieving this are as follows:

- All staff to receive training in basic value for money principles in order to raise general awareness of the importance of value for money;

- Managers and budget holders to receive training in tools and techniques for improvement. Finance staff will provide support and assistance;

- The Senior Accountant (VFM) will work closely with the Corporate Planning Team to ensure that value for money improvements arising from business plan activities are identified and evidenced. Improvements arising from activities that are outside the scope of the business planning process will be reported to PaCT;

- Accountability for value for money improvements will be clearly articulated, including who is responsible for delivering which elements;

- Methods of integrating performance management data with cost information will be developed to help provide an understanding of how levels of expenditure link with performance;

- Benchmarking processes will continue to be developed. External benchmarking activities will be pursued where useful benchmarking data already exists, or where other organisations are willing to collaborate with us to establish criteria for producing comparable benchmarking information. Internal benchmarking systems will also be developed. This information will be used to review and challenge whether value for money is being achieved;

- Activities will continue to be evaluated to ensure they are effectively meeting the Service's objectives and are fulfilling the needs of the community;

- A programme of equality impact assessments will be implemented. Progress will be reported to PaCT and the Ad Hoc Group on Equalities and issues requiring attention will be prioritised;

- Whole life costing and unit costing will be more widely incorporated into decision making processes, where appropriate;

Appendix B

Treasury Management Strategy

The Treasury Management Strategy of the Authority was set out and reaffirmed at the meeting of the Finance and Resources Committee on 4th April 2008.

MANAGEMENT OF CASH RESOURCES

The Authority uses a main current account, an investment account and a number of local petty cash accounts. All of these accounts are held with Barclays Bank PLC and are managed using the online Business Master II system. This system allows the Authority to make transfers to and from accounts in real time and thus allows the current account balance to be maintained at a minimum level. All surplus funds are held either in the investment account for short periods, in an investment account with the Bank of Scotland or are lent to institutional borrowers over longer periods.

The bank overdraft level is £200,000 and this is usually sufficient. There are occasions when the overdraft exceeds £200,000 and temporary arrangements are made with the bank to increase the limit to £500,000. The Prudential Code report included an overdraft limit of £500,000 within the authorised limit to allow for such instances. It is proposed that the overdraft facility remains at a level of £200,000, but is reviewed during the year to take account of expenditure and income cash flows relating to the building of Highfields Fire Stations, and the sale of Beeston and Dunkirk fire stations, and is temporarily increased if necessary.

A three year cash flow projection is prepared together with a three month rolling cash flow forecast. The three month forecast is updated regularly and this process reveals the point at which cash surpluses will arise. The Principal Accountant and the Senior Accountant can then determine the lending policy for the coming month. Lending is carried out using either the Bank of Scotland or two independent brokers (recommended by the County Council), restricted to an approved lending list.

The current bank account is cleared to zero on a daily basis with the balance being transferred to the Business Premium Account. When the balance on the latter account is greater than £250,000, it is transferred to the Treasury Deposit Account. This policy generates higher levels of interest.

Cash management processes have been examined by both internal and external auditors and have been shown to be robust.

BORROWING STRATEGY

The prudential indicators for 2008/09 are set out below. Background information relating to these indicators was contained within the Prudential Code for Capital Accounting report approved by Members of the Authority on 22 February 2008.

Authorised limit for borrowing:	£24,720,000
Operational limit for borrowing:	£22,473,000

Upper limit for variable rate interest exposures	30%
Upper limit for fixed rate interest exposures	100%

<u>Loan Maturity</u>:

Under 12 months		less than 20%
12 months to 5 years		less than 20%
5 years to 10 years		less than 75%
Over 10 years	Greater than 25%	less than 100%

The capital financing requirement is the sum of money required from external sources to fund capital expenditure. For 2008/09 this figure is £15,203,000, of which £10,324,000 has already been financed within existing revenue budgets.

The Authority's strategy in the past has been to borrow funds from the Public Works Loan Board (PWLB). The PWLB is an agent of Her Majesty's Treasury and its function is to lend money from the National Loans Fund to local authorities and other prescribed bodies. Its interest rates are generally favourable compared to those applicable to borrowings from other sources within the marketplace. However, in 2007/08, a £4m loan was borrowed from a bank, with a fixed interest rate which was lower than the equivalent PWLB rate. It is therefore proposed that the Authority continues to borrow primarily from the PWLB, but considers fixed rate market borrowing when market rates are at least 25 basis points below the PWLB rates.

Sector's view on PWLB interest rates for 2008/09 is that:

- The 10 year PWLB rate will start and finish the year at 4.55%, falling to 4.50% in quarters 2 and 3;
- The 25 year PWLB rate is expected to stay at 4.50% for the year;
- The 50 year PWLB rate is expected to remain flat at 4.45%;
- PWLB rates are expected to increase during the periods beyond 2008/09.

This forecast indicates, therefore, that there is little difference between short and long term borrowing rates, giving the Authority an opportunity borrow in 2008/09 and spread debt maturities, which are currently concentrated around longer terms. The interest rates are not expected to vary significantly during the year, so borrowing could be undertaken at any time.

ECONOMIC BACKGROUND

The sub prime crisis and the major downturn in the housing market in the United States has prompted fears around the world of the potential impact on world banking systems and on world growth. This has led to a downturn in economic sentiment at the start of 2008, and some forecasters are making a downward re-assessment of forecast interest rates in 2008 and 2009.

In the UK:

§ GDP: growth has been strong during 2007 but is expected to cool to 2.0% in 2008;

§ Higher than expected immigration from Eastern Europe has underpinned strong growth and dampened wage inflation;

§ House prices started on the downswing in Q3 2007 and this is expected to continue into 2008;

§ The combination of increases in Bank Rate and hence mortgage rates, short term mortgage fixes expiring and being renewed at higher rates, food prices rising at their fastest rate since 1993 and increases in petrol prices, have all put consumer spending power under major pressure;

§ Banks have also tightened their lending criteria since the sub prime crisis started and that will also dampen consumer expenditure via credit cards and on buying houses through obtaining mortgages;

§ Government expenditure will be held under a tight rein for the next few years, undermining one of the main props of strong growth during this decade;

§ The Monetary Policy Committee (MPC) is very concerned at the build up of inflationary pressures and the consequent likely knock on effects on general prices. The prices of UK manufactured goods have risen at the fastest rate in 16 years, in January 2008 – 5.7%. Food prices have also risen at their fastest rate since June 2001 (6.6% annual increase in January 2008) driven by strong demand from China and India. Consequently, the MPC is going to be much more cautious about cutting rates compared to the US in the face of these very visible inflationary pressures. In addition, UK growth was still strong in Q4 (despite expectations of a significant cooling off). However, the MPC's room for cutting rates is currently limited by concerns over inflationary pressures.

§ The Bank Rate fell from 5.75% to 5.50% in December 2007. Sector's view is that the Bank Rate is likely to decrease further during 2008/09 – to 5.00% in the first quarter and 4.75% in the second quarter.

INVESTMENT STRATEGY

The Authority's investment priorities are the security of capital and the liquidity of investments. The investment strategy for 2008/09 will be to continue to aim for the optimum return on investments, whilst having due regard to appropriate levels of security and liquidity.

Investment opportunities arise when there are temporary cash surpluses. The Authority has a list of approved institutions to which it will lend surplus cash. This list is derived from a list published by Sector of institutions which are rated by Fitch for credit-worthiness. To ensure security of investments, the Authority is using the following criteria to determine approved institutions:

- A rating of A+ or higher to indicate an institution's ability to repay its long term debt;
- A rating of F1 or higher to indicate an institution's ability to repay its short term debt;
- A rating of B or higher to indicate an institution's overall security and soundness and
- A rating of 2 or higher (for UK institutions) or 1 or higher (for overseas institutions) to indicate the likelihood of financial support from another organisation if the institution experiences a financial crisis.

In addition, the Authority will invest with English and Welsh Local Authorities and in AAA rated Money Market funds. Although the list of approved institutions is long, in practice only some institutions are likely to accept the Authority's investments due to the relatively small sums involved.

The Authority is alerted to changes in Fitch ratings by Sector. If a downgrade results in an institution no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately. It is proposed that the Head of Finance and Resources be permitted to remove any counterparty from the approved list but may not make additions without the approval of the Chair and Vice Chair.

The majority of past investments have been for periods of three months or less. It is proposed that no more than 10% of available investment should be committed beyond 365 days to ensure liquidity of funds. It is likely that the Authority will achieve better rates from its investments in the early part of the year, due to the forecasted fall in the Bank Rate.

Appendix C

Use Of Balances

The Authority uses a risk based approach to the maintenance of Working Balances and had carried out a full risk assessment during 2007/8 to establish the appropriate levels of balances for 2008/9 – 2010/11.

This approach examines each of the risk exposures and considers both the impact on the Authority and the likelihood of occurrence. A risk score has been allocated to each risk which is then ranked from 1 (the lowest factor) to 5 (the highest). This is done for both likelihood and impact in order to give an overall risk factor. It should be noted that the underlying assumption is that not all these risks will occur simultaneously.

The approach also considers the extent to which these financial risks can be transferred to the private sector by way of insurances thus creating a balance of both insured and self financed risk.

Residual risk is the extent to which the Authority remains exposed to risks which are neither insured nor provided for within balances. The level of acceptable residual risk is usually referred to as the "Risk Appetite" of the Authority. It is considered that the Authority would be best advised to adopt a fairly low risk appetite at present. This corresponds to the Authority's declared intention to adopt a low risk "profile" overall.

The full results of the risk evaluation review exercise show that there has been no significant change in the overall risk value. The overall result is that the recommended level of balances should be approximately £2.6m.

The actual level of balances as at 31 March 2008 was £3.4m as "one off" revenue underspends of £800k have been transferred to the balances in accordance with declared policy. Over the next three years there are no plans for contributions to or from balances to support the Revenue budget although this position may be revised in the light of performance during 2008/9.

Appendix D

Prudential Code Indicators and Targets

CAPITAL EXPENDITURE AND BORROWING

Estimates of Capital Expenditure Future Years and Actual Capital Expenditure 2006/07 and 2007/8:

2006/07 Actual £000's	2007/08 Actual £000's	2008/09 Estimate £000's	2009/10 Estimate £000's	2010/11 Estimate £000's
Capital Expenditure Total				
4,077	4,531	6,436	4,867	5,365
Capital Expenditure – Financed by Borrowing / Finance Lease				
3,251	4,000	6,117	4,574	5,137
Capital Expenditure – Financed by Revenue				
826	488	319	293	228

The estimates for 2008/09 to 2010/11 were submitted to the Authority for approval on 22 February 2008. Various financing methods have been assumed for the future years but in reality, decisions relating to financing methods will be taken as part of options analyses which will consider the best long term options for the Authority. These options need to be assessed at the time of financing.

Estimates of Capital Financing Requirement Future Years and Actual Capital Financing Requirement 2006/07 and 2007/08:

2006/07 Actual £000's	2007/08 Actual £000's	2008/09 Estimate £000's	2009/10 Estimate £000's	2010/11 Estimate £000's
Capital Financing Requirement				
6,837	14,858	15,203	21,057	25,210

The capital financing requirement is the sum of money required from external sources to fund capital expenditure. It will therefore be the aggregate of all capital expenditure, less any revenue contributions or capital receipts. It is also important to note that the actual requirements for capital financing will depend to some extent upon the timing of the cash flows of the capital expenditure itself.

Estimates of Ratio of Financing Costs to Net Revenue Stream Future Years and Actual 2006/07:

2006/07 Actual £000's	2007/08 £000's	2008/09 Estimate £000's	2009/10 Estimate £000's	2010/11 Estimate £000's
Ratio of Financing Costs to Net Revenue Stream				
1.9%	3.0%	3.7%	4.9%	5.7%

Estimates of Incremental Impact on Council Tax (Band D) Future Years:

2008/09 Estimate £000's	2009/10 Estimate £000's	2010/11 Estimate £000's
Incremental Impact on Council Tax		
£1.19	£1.87	£1.44

Operational Boundary and Authorised Limit for External Borrowing:

The operational boundary is the Authority's estimate of its total outstanding debt, gross of investments and other long-term liabilities. This is to reflect the most likely scenario and not the worst case. It is possible for the operational limit to be temporarily breached to take account of unusual movements in cash flow but this should not be a regular occurrence. A variation from the operational boundary is permissible, but must be reported to the Fire Authority.

The authorised limit is essentially the same as the operational boundary, but allows headroom over and above it to take account of unusual movements in cash flow and therefore should be the maximum amount of external debt that the Authority is exposed to at any given time. Any proposed variation from the authorised limit must be authorised by the Authority

Cash flow forecasts have been prepared for 2007/08 to 2009/10 and indicate that there will be no difficulty in maintaining a positive current account balance on a month by month basis, and therefore there is no proposal to seek an increase in the Authority's approved overdraft limit of £200,000. However, previous experience shows that these estimates can sometimes be wrong temporarily due to delays in income receipts, and it has proved necessary in the past to negotiate temporary increases in this figure of up to £500,000. It is therefore proposed that this figure of £500,000 should be included within both the operational boundary and the authorised limit.

It is expected that the Authority will be paying for the construction of the new fire station at Hassocks Lane before the Dunkirk fire station site is sold. The timing of cash flows will require some additional short term borrowing in the interim period. The additional borrowing ceiling required has therefore been included in both the operational boundary and the authorised limit.

	2008/09 £000's	2009/10 £000's	2010/11 £000's
Prudential Limits			
Operational Boundary	22,473	21,647	26,784
Authorised Limit	24,720	23,812	29,462

Actual External Debt:

The Authority's external borrowing as at 31 March 2007 was £5.814m

TREASURY MANAGEMENT

The Service carries out its own treasury management in accordance with the CIPFA Code of Practice for Treasury Management. Whilst the sums involved are relatively small it is nevertheless important to ensure that the Authority's best interests are protected.

The Authority has an approved list of institutions that it is prepared to lend to, and these constitute those with only the highest credit ratings. This policy is to continue.

In terms of borrowing, it has been considered prudent to use Public Works Loans Board (PWLB) fixed interest loans. This is because the PWLB generally offers rates which cannot be obtained anywhere else in the marketplace. However, recent changes in market conditions have resulted in other types of fixed interest loan instruments showing interest rates lower than those from the PWLB. Unlike lending, borrowing is a low risk activity so future borrowing arrangements will be entered into on the basis of what is most advantageous for the Authority at the time. Any proposals to borrow from alternative sources will be discussed and agreed with the Treasurer.

Interest Rate Risk Exposure:

Borrowing in the past has been at fixed interest rates, although it would not be prudent to rule out variable rates absolutely. It is therefore considered that up to 30% of borrowing might come from variable rate sources if these are considered financially advantageous at the time of financing. For policy changes beyond this however, it is suggested that Authority approval should be sought. It is currently expected that borrowing rates may fall at the end of 2007/08 but then remain steady throughout 2008/09 and beyond but that investment rates may fall. It should be noted that unusual money market conditions are prevailing and that these assumptions may well change.

The total value of lending is not expected to exceed £4,000,000 at its peak during 2008/09, however it is difficult to assess what the likely investment profile might be. At this stage it is unlikely that the Authority will engage in investment for any period longer than 12 months. Current investments are all short term and at rates fixed for short periods.

It is proposed therefore that the Authority sets the following limits for interest rate exposures for 2008/09, 2009/10 and 2010/11:

	2007/08 £000's	2008/09 £000's	2009/10 £000's
Interest Rate Exposures			
Upper limit for fixed rate exposures	100%	100%	100%
Upper limit for variable rate exposures	30%	30%	30%

Loan Maturity:

The code of practice and CIPFA guidelines state that there should be no direct linkage between the assets financed and the term of loans taken out. It is proposed that the current upper and lower limits continue to apply.

Loan Maturity		
	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months to 5 years	20%	0%
5 years to 10 years	75%	0%
Over 10 years	100%	25%

Prudential Limit for Principal Sums Invested for Periods Longer than 364 Days:

There are no proposals for the Authority to invest for periods longer than 364 days.

MONITORING OF PRUDENTIAL INDICATORS

Performance against the indicators for 2008/09 will be reported quarterly to Finance and Resources Committee.

Appendix E

CAPITAL PROGRAMME 2008/2009 TO 2010/2011 as approved in February 2008

	2007/2008 Approved £	2007/2008 Estimated Outturn £	2008/2009 £	2009/2010 £	2010/2011 £
TRANSPORT					
2007/2008 Slippage					
Rescue Pump replacement programme	1,253,000	660,000	564,000		
Special Appliances	-	29,000			
Small vehicle replacement programme	288,000	288,000	-		
Slippage 2006-2007	1,187,000		1,187,000		
New Programme					
Rescue Pump replacement programme			1,303,000	940,000	976,000
Special Appliances			240,000	90,000	380,000
Community Safety Outreach Vehicle			100,000		
Small vehicle replacement programme			163,000	216,000	161,000
Conversion of 2 Second Hand Vehicles			37,000		
	2,728,000	**977,000**	**3,594,000**	**1,246,000**	**1,517,000**
PROPERTY					
2007/2008 Slippage					
HQ Extension	436,000	1,007,000	-		
Community Safety Premises - Clifton	10,000	10,000	-		
Fuel tank renewal (see strategic projects)	250,000	13,000	237,000		
Security Upgrade project	170,000	20,000	150,000		
SDC Garage	100,000	-	-		
Collingham Fire Station	120,000	321,000	-		
Worksop Fire Station	70,000	10,000	-		
Retford Fire Station	75,000	3,000	-		
Carlton Fire Station	140,000	2,000	-		
HQ Stores	50,000	62,000	-		
Minor Schemes	400,000	391,000	-		
Retentions	25,000	26,000	-		
Signage for Stations	-	35,000	-		
Negative slippage (overspend) from 2006/2007	-448,000				
Strategic Projects					
Hassocks Lane – Land	-		2,000,000		
Hassocks Lane - Building Works	3,377,000	1,243,500	3,353,500	118,000	
Hassocks Lane - Professional Fees	343,000	231,500	111,500		
Hassocks Lane - Other costs	-		639,000		
Hassocks Lane - Capital receipts	-		-5,400,000		
Hassocks Lane – Total	3,720,000				
New Programme					
Station Improvements					
SDC Smoke House			75,000		

	2007/2008 Approved	2007/2008 Estimated Outturn	2008/2009	2009/2010	2010/2011
Southwell Fire Station Phase 2			200,000		
Stapleford Fire Station			200,000		
Ashfield Fire Station			175,000		
W Bridgford stores			33,000		
Clifton phase 2			75,000		
Warsop Fire Station			133,000		
Battery Chargers 110 volt			15,000		
Mansfield Reception			42,000		
Bingham Fire Station Gym etc.					200,000
Mansfield plus BTS				250,000	
Eastwood Fire Station				200,000	
East Leake Fire Station					250,000
Blidworth Fire Station					200,000
Misterton Fire Station					200,000
Essential repairs			60,000	50,000	40,000
Professional fees			150,000	150,000	200,000
Buildings Improvements retentions			75,000	25,000	18,000
Strategic Projects					
Fuel tank renewal - new requirement above slippage			13,000		
Model Station Design			30,000		
Major Rebuilds or Relocation			-	2,500,000	2,500,000
Major Rebuilds or Relocation retentions				63,000	25,000
	5,118,000	**3,375,000**	**2,367,000**	**3,356,000**	**3,633,000**
EQUIPMENT					
2007/2008 Slippage					
Specialist rescue equipment	80,000	80,000			
Slippage 2006-2007	137,000	137,000			
New Programme					
Specialist rescue equipment			30,000	30,000	30,000
	217,000	**217,000**	**30,000**	**30,000**	**30,000**
IT. & COMMUNICATIONS					
2007/2008 Slippage					
HR System Upgrade	100,000	100,000			
Business Continuity & Disaster Recovery	205,000	100,000	105,000		
Information Systems Development	20,000	20,000			
WiFi Networking	30,000	-			
Mobile Computing	200,000	150,000	50,000		
Business Expansion	100,000	50,000			
Replacement Equipment	200,000	100,000			
Incident Recording System	40,000	40,000			
WAN Upgrade	50,000	50,000			
Business Process Automation	150,000	75,000	75,000		

	2007/2008 Approved	2007/2008 Estimated Outturn	2008/2009	2009/2010	2010/2011
Replace UPS Batteries	10,000	6,000			
FEM Database	15,000	-			
FireLink Add Ons	100,000	-	100,000		
Asset Management System	-	22,000			
Slippage 2006/2007	468,000	-			
New Programme					
Business Continuity & Disaster Recovery				30,000	30,000
Business Expansion			40,000	40,000	40,000
Replacement Equipment			60,000	60,000	60,000
Mobile Computing				30,000	30,000
Business Process Automation			15,000	75,000	25,000
Regional Finance System				150,000	
	1,698,000	**723,000**	**445,000**	**385,000**	**185,000**
GRAND TOTAL	**9,761,000**	**5,292,000**	**6,436,000**	**5,017,000**	**5,365,000**

Appendix F

Proposed Revenue Budget Requirements 2008/2009 to 2010/2011 - Detail

	2008/2009 £	2009/2010 £	2010/2011 £
Base Budget	**41,673,051**	**44,306,296**	**46,061,250**
Pay Awards			
Wholetime Basic	491,914	530,120	549,095
Wholetime Basic - allocate Shift Change Contingency	-8,600		
Wholetime Basic - adjustment to base required	220,625		
Wholetime NI	36,736	39,590	41,007
Wholetime Pensions old scheme	-208,203	-193,006	-154,223
Wholetime Pensions new scheme	100,722	145,402	127,583
Wholetime Overtime	3,399	3,663	3,794
Wholetime Overtime - allocate Shift Change contingency	-30,000		
Wholetime Overtime - adjustment to base	200,000	-89,438	0
Wholetime Temp promotions	3,067	3,305	3,423
Wholetime Acting up	1,139	1,227	1,271
Wholetime Bank Holidays	6,764	7,289	7,550
Wholetime Rank to Role increases	21,000	0	0
Wholetime net establishment changes	88,189		
Wholetime CPD additional costs	200,000		
Wholetime reinstate 2 post conversions	16,000		
Reverse Contingency - Training reserve	-90,000		
Less Shift Change Contingency not required	-54,213		
Less Pay Contingency not required	-78,898		
Wholetime Total	919,641	448,152	579,500
Control Basic	23,497	25,321	26,228
Control Basic - adjustment to Base required	18,419	0	0
Control Overtime	792	853	884
Control NI	1,642	1,769	1,832
Control Super	3,193	3,794	3,930
Control Super - correction of shortfall in base	55,000	0	
Control Total	102,543	31,737	32,874
Retained Pay and NI costs	83,716	90,218	97,721
Retained Super new scheme	-13,480	18,759	20,973
Retained Adjustment to Base – align to actuals 06/07	100,000	0	0
Contingency Available - Retained pay award	-13,419		
Retained Total	156,817	108,977	118,694
Principal Officers Basic	12,964	13,281	13,756
Principal Officers NI	1,530	1,568	1,624
Principal Officers Total	14,494	14,849	15,380
Admin & Support Base Change Basic	-75,734	0	0
Admin & Support Base Change NI	-4,497	0	0
Admin & Support Base Change Super	25,654	0	0
Admin & Support Base Change Income	-155,361	0	0
Admin & Support Standby Payments Basic	18,327	0	0
Admin & Support Standby Payments NI	1,668	0	0
Admin & Support Standby Payments Super	2,584	0	0
Admin & Support Increments Basic	69,506	52,635	42,467

	2008/2009	2009/2010	2010/2011
	£	£	£
Admin & Support Increments NI	6,878	5,195	4,004
Admin & Support Increments Super	10,055	7,540	5,988
Admin & Support Pay Award Basic	118,258	123,532	128,511
Admin & Support Pay Award NI	8,778	9,190	9,586
Admin & Support Pay Award Super	16,254	16,968	17,657
Admin & Support Pay Award Income	-5,552	-5,777	-5,950
Admin & Support Overtime	0	0	0
Less Admin pay contingency not required	-15,099	0	0
Admin & Support Total	21,720	209,283	202,262
Pay inflation - new posts	692	709	727
Increments - new posts	0	2,888	1,802
New Posts Total	692	3,597	2,529
Pensions			
Pension payments from Revenue	25,000	500	500
Injury awards	99,650	61,505	57,500
Injury award increases	12,300	14,100	10,450
Ill health charges	192,086	-100,000	-43,000
Injury Award Lump Sums Contingency	50,000		
Earmarked reserve ill health charges	-70,000	70,000	
Pensions Total	309,036	46,105	25,450
Other			
General Inflation	41,630	90,846	111,790
General Contingency	150,000	0	-200,000
Other Items	17,408	0	-9,956
Surplus / Deficit on Collection	0	0	0
Audit Fees	25,000	7,000	5,000
Other Total	234,038	97,846	-93,166
Capital Financing			
Operating Leasing	-476,754	37,944	20,255
PWLB Interest	489,020	130,028	148,714
Finance Lease interest	92,378	54,080	28,495
Finance Lease extensions	0	0	0
Depreciation	-337,046	0	0
MRP New calculations	110,000	367,000	238,000
Capital Financing Total	-122,402	589,052	435,464
New Demands 2008/2009 to 201020/11			
Changes to Base Identified 2006/2007			
Targeted Procurement Savings	-10,000	-5,000	-5,000
Risk Watch folders & risky boxes	15,000		
Seatsafe Programme - training	-25,000		
Schools Liaison - setup incl toolbox		-3,000	
Non-Uniformed Travel	2,000	2,000	
IT & Comms for ICU vehicles	-10,000		
FireLink savings arising in base budget	0	0	
Unplanned maintenance	20,000	-10,000	
Revenue costs of closing Stations 21 & 22	10,000	-10,000	

	2008/2009 £	2009/2010 £	2010/2011 £
ID cards - new digital camera required	-200		
Rank To Role Consultancy	-40,000	0	0
New Demands Identified 2006/07 Total	-38,200	-26,000	-5,000
Additional Requirements from Budget Submissions			
Fire Protection			
Digital Cameras	3,600	-3,600	
Sat Navs	1,700	-1,700	
Fire Prevention			
Riskwatch - increase base	10,000		
Seatsafe Programme	0	2,000	
Bendigo	12,000	2,000	
Firesafe Programme	15,000	5,000	2,000
RTC Awareness Day	1,000		
Home Safety Checks	5,000		
LSP / CDRP Membership	25,000		
Neighbourhood Team approach (LAA)	0	24,000	
First Contact - part funding partnership post	12,000		
Signing services for the deaf	4,000		
Specialist Fire Investigation training	11,000		
Smoke Alarms	48,000	72,000	
Budget For Arson Task Force Staff	32,000		
Reduction in Sponsorship funding	26,005		
CRFP Registrations for Senior Investigators	500		
SAVINGS TOTAL – No Service impact	-61,000		
Princes Trust			
Income	56,800		
Subsistence	3,900		
Student training	52,000		
Travel	1,000		
Public transport	-1,500		
Catering	-200		
Stationery	900		
SAVINGS TOTAL – No service impact	-30,000		
Risk Response			
Retained Support Officers - pay and related budgets	75,000	0	0
Operational Support Officers	100,000		
Retained Supplementary Crewing	100,000		
Corporate Communications			
Public consultation budget on 3 yr cycle			-6,043
Public consultation additional required		650	
Sharepoint Training	20,000	-20,000	
Media Monitoring Service	10,000		
Administration			
No increases requested			
SAVINGS TOTAL – No service impact	-7,000		

	2008/2009 £	2009/2010 £	2010/2011 £
Risk Management			
No increases requested			
SAVINGS TOTAL – No service impact	-73,000		
FireLink / FireControl			
FireLink and RCC transition costs	-100,000	0	
Personnel			
Removal expenses	420		
Long Service Award	1,605		
H2 Ill Health Appeals	10,000		
Job sizing	250,000		
Job Evaluation Contingency	20,000	19,994	
Full Time Trade Union Officer	35,000		
Review grading structure - admin & support staff	12,500	0	
SAVINGS TOTAL – No service impact	-31,050		
Occupational Health			
Health Care Assistant Basic	22,845		
Health Care Assistant NI	1,603		
Health Care Assistant Super	3,221		
Gym Equipment maintenance contract	10,000		
SAVINGS TOTAL – No service impact	-12,000		
Learning & Development			
BTEC qualification for CFS staff	4,000	4,000	
Conversion of L&D Manager to AM	23,690		
Fleet software training	-6,500	5,500	-6,500
Specialist Rescue team scrap cars for training	20,000		
SDC Premises			
Electricity	126		
Rent & Hire Premises	2,200		
Cleaning Materials	617		
Contract Cleaning	10,771		
Window Cleaning	240		
Refuse Collection / Disposal	1,240		
SDC catering			
Catering Contract-Variable	13,957		
Catering Charges - Hospitality	5,000		
Learning & Development			
(0130)Travel internal courses/(0100)	35,574		
Operational Equipment	1,504		
Operational Equipment (Medical)	2,000		
Uniform	2,753		
Stationery	3,864		
Purchase Of Vehicle Equipment	50		
Contribution to FireGateway	5,000		
SAVINGS TOTAL – No service impact	-116,369		

	2008/2009 £	2009/2010 £	2010/2011 £
Operational Equipment			
PPE for Specialist Rescue Team	50,000	-50,000	
Reverse additional budget for ICP in base	-35,000		
Integrated Clothing Project managed contract		664,000	-269,000
Integrated Clothing Project managed contract		-600,000	600,000
Operational Equipment	10,000		
Less Contingency for specialist equip	-10,000		
Hose purchase and repair - training & equipment	6,000	-6,000	
Hose purchase and repair		-13,000	
Specialist Rescue confined space equipment	25,000	-20,000	
Environmentally friendly foam - additional cost	4,000		
Replacement Thermal Image Cameras	50,000	-50,000	
Intrinsicly Safe Radios	30,000	-30,000	
PPE for Flood Rescue	50,000	-50,000	
Asset Management tags	5,000	-3,000	
Uniform for new recruits	0		1,250
PPE for new recruits	10,104	-12,750	3,750
Home Safety Check & Fire Investigation equipment	3,795		
Defibrillators - one per appliance per NT	54,000	-54,000	
Fund from Coresponding contingency	-54,000	54,000	
SAVINGS TOTAL – No service impact	-9,052		
Information Communications Technology			
LACHS Insurance Claims Handling System annual licence fee	8,840		
MOSAIC Licence	8,500		
Improve Broadband Connectivity	40,000		
Non contracted services - revenue impact of capital projects	15,542		
SAVINGS TOTAL – No service impact	-115,078		
Communications			
FireLink running costs	104,000	312,000	
Transport			
Fleet maintenance	40,000		
Fleet modifications / refurbishment	35,000		
Accidents / avoidable repairs	42,000		
Fuel & lubricants	24,700		
Motor Tax / Licences	182		
MOT tests	64	-33	9
Tyres	13,500		
Minor Fleet Maintenance	-15,366		
Purchase of vehicle equipment	289		
Principal Officer Car Maintenance	5,000		
Officers Blue Light Installation	53,075	-23,780	31,505
Virement from Driving at Work contingency / earmarked reserve	-53,075	53,075	
SAVINGS TOTAL – No service impact	-19,099		
Finance and Resources (Central)			
Legal tendering costs for fleet maintenance contract	15,000	-15,000	

	2008/2009 £	2009/2010 £	2010/2011 £
Increased legal costs for FSO prosecutions	0		
SAVINGS TOTAL – No service impact	-60,000		
Finance and Resources			
Treasury Services	28,757		
Committee Services	20,461		
Base Budget Review	13,249		
Members Allowances	1,518		
Overtime	3,500		
Regional Management Board Costs	15,550		
SAVINGS TOTAL – No service impact	-84,000		
Procurement & Estates (E Pratt)			
Periodic service agreements	-12,000	0	
Revenue costs of HQ extension		-30,000	
Rent and Hire of Rooms (Guildhall)	8,000		
Overtime - Procurement	3,000		
Overtime - Premises	3,000		
Legonnaires Risk Management	30,000	17,000	-17,000
Sewerage	7,051		
Water	864		
Refuse Collection	9,560		
Bldg Cleaning, G Mtce, Window cleaning	45,000		
SAVINGS TOTAL – No service impact	-52,130		
FEM			
FEM Routine Maintenance	-13,000	-21,000	-500
SAVINGS TOTAL – No service impact	-14,000		
New Demands from Budget Submissions Total	1,034,867	231,356	339,471
Virements Between Budgets			
Publicity re members allowances	-700		
Publicity re members allowances	700		
Teaching equipment transferred to Reference books	-1,009		
Teaching equipment transferred to Reference books	1,009		
Physio & Counselling transferred to OH cc	-14,377		
Physio & Counselling transferred to OH cc	14,377		
FirstCare budget transferred to Personnel	-60,000		
FirstCare budget transferred from Occ Health	60,000		
Create income budget for Medicals	-5,000		
Create income budget for Other Fees	-500		
Transfer budget to Occ Health costs	5,500		
Insurance Cash - transfer to Insurance Premiums	-16,450		
Insurance PA - transfer to Insurance Premiums	-1,710		
Insurance Eng - transfer to Insurance Premiums	-11,910		
Consolidate Premiums into one budget	13,570		
Insurance Services - new account code	16,500		
Insurance Premiums	-49,196		
Uninsured Losses	49,196		
Fleet Maintenance Scheduled	-385,000		

	2008/2009	2009/2010	2010/2011
	£	£	£
Fleet Maintenance Unscheduled	385,000		
H2 Ill Health Appeals	-40,000		
H2 Ill Health Appeals	40,000		
FEM Training	1880	-1160	130
FEM Training	-1,880	1,160	-130
FEM Tyres	-300		
Hydrant Maintenance Tyres	300		
FEM Workshop Charges	-300		
Hydrant Maintenance Workshop Charges	300		
FEM Officers Phones	432		
Hydrant Maintenance Officers Phones	144		
FEM Officers Phones	-576		
FEM Subsistence	550	-350	50
Generic Subsistence	-550	350	-50
FEM Subscriptions	640	-675	76
Generic Subscriptions	-640	675	-76
FEM PPE	100		
Generic PPE	-100		
Hydrant Maintenance	-84,217		
Hydrant Maintenance	84,217		
Hydrant Maintenance Uniforms	540		
Generic Uniforms	-540		
Commercial Training - training	-988		
Commercial Training - training	988		
Commercial Training - non uniformed travel	-568		
Commercial Training - non uniformed travel	3,848		
Commercial Training - office equipment	-6,368		
Commercial Training - office equipment	500		
Commercial Training - operational equipment	-141		
Commercial Training - operational equipment	141		
Commercial Training - course materials	-4,060		
Commercial Training - course materials	4,060		
Commercial Training - uniform	-202		
Commercial Training - uniform	202		
Commercial Training - protective clothing	-796		
Commercial Training - protective clothing	796		
Commercial Training - stationery	-202		
Commercial Training - stationery	500		
Commercial Training - subsistence	-1,698		
Commercial Training - subsistence	200		
Commercial Training - travel home to base	-3,715		
Commercial Training - travel home to base	600		
Commercial Training - publicity	-5,042		
Commercial Training - publicity	3,000		
Commercial Training - fire safety income	107,961		
Commercial Training - fire safety income	35,000		
Commercial Training - fire safety income	-141,701		
Commercial Training - books and publications	135		
Commercial Training - cleaning materials	500		
Commercial Training - admin pay	7,050		
ICT Comms - Phones Landlines	-89,122		
ICT Comms - Phones Mobiles	89,120		

	2008/2009	2009/2010	2010/2011
	£	£	£
Generic Officers Phones	2		
ICT Comms - Licenses & Rental	-146,832		
Generic Private telephone calls	869		
Generic Other fees & income	42		
Generic Mobile telephone calls	-7,713		
ICT Comms - Licenses FA agreement	-3,752		
ICT Comms – Contracts	-433,514		
ICT IT – Contracts	590,900		
ICT Comms - Minor Purchases	-20,000		
ICT IT - Minor Purchases	20,000		
ICT Comms - Repairs & Spares	-12,000		
ICT IT - Repairs & Spares	12,000		
ICT Comms - Non contracted services	-42,678		
ICT IT - Non contracted services	42,678		
ICT Comms - Technical references	-1,000		
ICT IT - Technical references	1,000		
Premises –Gas	-15,000		
Premises –Gas	15,000		
Premises –Electricity	-24,080		
Premises –Electricity	24,080		
take out of the CFS cont	-53857		
Electricity .5 of btc	5740		
Gas .5 of btc	2500		
Water charges	1000		
Sewerage	720		
Business Rates as east leake plus 10%	7,507		
Cleaning Mats	750		
Contract Cleaning	4,000		
office equip	1,000		
window cleaning	1,000		
refuse collection	640		
relocation fees	25,000		
Stationary	1,000		
Clean domestic purchase	1,000		
phones general	2,000		
Virements Total	0	0	0
Net Budget Requirement	**44,306,296**	**46,061,250**	**47,714,707**