



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Policy and Strategy Committee

PROPOSED CAPITAL AND REVENUE BUDGETS 2009/2010 TO 2011/2012

Report of the Chief Fire Officer

Agenda Item No:

Date: 30 January 2009

Purpose of Report:

To seek the approval of the Policy and Strategy Committee to the recommendation of the Finance and Resources Committee in relation to the proposed capital and revenue budgets for 2009/2010 to 2011/2012.

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1. BACKGROUND

1.1 At its meeting on 9 January 2009 the Finance and Resources Committee received a report from the Chief Fire Officer which recommended levels of capital and revenue budgets for 2009/2010 to 2011/2012 and levels of Council Tax for 2009/2010. A full copy of this report is attached as Appendix A to this report.

1.2 In accordance with the Authority's governance arrangements, and after due consideration of the report, the Finance and Resources Committee resolved that:

"Members approve the proposed capital and revenue budgets for the period 2009/2010 to 2011/2012 subject to any late amendments for changes to taxbase and recommend them for acceptance by the Policy and Strategy Committee".

1.3 This report therefore brings this matter to the Policy and Strategy Committee for consideration and seeks the approval of Members to this budget being taken forward to the full meeting of the Fire Authority.

2. REPORT

2.1 The attached paper recommends capital programmes over the three year period as follows:

	2009/2010	2010/2011	2011/2012
Transport	1,547,330	1,707,982	1,130,552
Property	3,164,800	3,007,475	1,450,500
ICT	507,000	185,000	185,000
Total	5,219,130	4,900,457	2,766,052

2.2 The report recommends revenue budgets over the next three years as follows:

	£
2009/2010	46,391,167
2010/2011	48,054,522
2011/2012	49,549,131

2.3 The Council Tax increases recommended are:

	%	Band D £'s
2009/2010	3.5	67.73
2010/2011	3.0	69.76
2011/2012	3.0	71.86

These increases can only be provisional for future years as levels of taxbase are uncertain. From 2011/2012 there will also be grant changes which are currently unknown.

2.4 On the basis of current taxbase the predictions of Band D Council Tax per annum are given above. It is worthy of note however, that the majority of properties in the City and County fall into bands A and B where the annual amounts will range from £45.15 to £53.66 over the period.

3. FINANCIAL IMPLICATIONS

The financial implications are set out in full within the report and Appendix A.

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 are no equality implications arising directly from this report.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

There are no risk management arising from this report beyond those set out in Appendix A.

9. RECOMMENDATIONS

That the Policy and Strategy Committee accept the recommendations of the Finance and Resources Committee in relation to the proposed capital and revenue budgets for 2009/2010 to 2011/2012 and Council Tax in 2009/2010 and support these figures being taken to the full Fire Authority for final approval.

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

None.

Frank Swann
CHIEF FIRE OFFICER



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

PROPOSED CAPITAL AND REVENUE BUDGETS 2009/10 TO 2011/12

Report of the Chief Fire Officer

Agenda Item No:

Date: 09 January 2009

Purpose of Report:

To report back to Members on the development of the Revenue and Capital Budgets 2009/10 to 2011/12 and to seek the approval of the Finance and Resources Committee to this being recommended as the budget proposal to the Policy and Strategy.

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1. BACKGROUND

- 1.1 A framework for the development of the budget was approved at the Fire and Rescue Authority meeting on 5 September 2008. This incorporated the following aims:
- i) Continue to maintain a Capital Programme of approximately £5m per annum on average.
 - ii) Council Tax increases to be in the range 2.5-3.5% for 2009/10 to 2011/12.
 - iii) No planned use of balances until the new fire grant formula is announced.
 - iv) Existing budgets to be re-engineered where possible to take account of inflationary pressure.
 - v) Estimates of costs for Firelink and Regional Fire Control to be produced as soon as possible and incorporated into budgets.
 - vi) Finance and Resources Committee identify and monitor opportunities for efficiency savings.
- 1.2 At the meeting of the Finance and Resources Committee on 24 October 2008 a report relating to consultation on the budget for 2009/10 was accepted and a period of consultation has been carried out.
- 1.3 This paper reports back to the Committee on the initial results of the consultation and proposes a budget for 2009/10 which meets the criteria set out above. It further sets out indicative budget figures for 2010/11 and 2011/12 for Members approval.

2. REPORT

The Financial Context

- 2.1 The Authority has general reserves of £3.449m and earmarked reserves of just over £2m. There is no requirement to add to the level of general reserves. In addition, the Authority has significant levels of grant from previous years which is as yet unspent. Some of this is committed to projects, but much of it is not.
- 2.2 In the current financial year (2008/2009), the capital programme is expected to spend almost in full but the revenue budget is projected to underspend significantly. Part of the revenue underspend has now been assigned to various projects but there still remains a projected underspend of around £700k.
- 2.3 This year has seen global financial turmoil, which will inevitably impact on the Authority's finances. We have already seen huge increases in fuel prices and rising inflation, which have been succeeded by reducing fuel prices and a fall in inflation, with some economists warning of potential deflation in the near future. The bank base rate has fallen from 5.25% at the start of the financial year to 3.0%, with further falls anticipated. All of this makes it more difficult than usual to estimate inflation requirements for the 3 year's budgets and to estimate the impact on our interest earned.

2.4 Set against this unpredictability is the certainty of the revenue support grant (RSG) income. The Authority is currently in the first year of a 3 year settlement, which means that the amount of RSG for 2009/10 and 2010/11 is known. A new settlement will be in place for 2011/12 and beyond following the next Comprehensive Spending Review (CSR09).

Consultation

2.5 As well as setting out the strategy for consultation, the October 2008 report also listed the bodies that were to be consulted. The participation in the consultation process has been mixed but to date responses have been received from a number of Parish Councils and the Federation of Small Businesses. The Head of Finance and Resources has also attended three Area Committees in the City, met with a focus group organised by MORI/IPSOS and met with the Dyslexia Association. The Service Equality Officer has met briefly with the Community Equality Forum and a follow up meeting with their Chair is arranged for January. There is a further meeting planned with statutory business consultees in the early part of the year.

2.6 This has been a far more successful consultation than has been held in previous years involving far more people and eliciting a wide range of responses. The lessons learned from this process however show that in order to get consultation papers onto the agendas of local groups far more notice needs to be given. Various respondents expressed the view that they would have liked to meet with Service personnel but that the meeting timetables were such that this could not be achieved.

2.7 Across the board, consultees were very supportive of the Fire and Rescue Service and satisfied with the service being provided. They did make some very constructive suggestions for ways in which the public can be reached and had some ideas for both outreach and internet access. The key messages were:

- People were pleased to see that Council Tax was to be kept at a reasonable level but this was by no means a key issue. Some respondents said that they wouldn't mind if Council Tax went up further providing that they could be told what it was to be spent on specifically.
- Generally the public like to see the Fire and Rescue Service represented in their communities and respondents were keen to see liveried vehicles and staff in uniforms. In general when referring to community based activity there was little concern as to whether an individual was a trained fire fighter or not provided that they were clearly identified as being from the Fire and Rescue Service.
- There was general support for the use of fire crews in providing safety advice and carrying out home safety checks provided that this did not affect the efficiency of response.
- The split of expenditure between response and protection was largely as people would have expected.

- Publicity appears to be ineffective unless continuous. Few people knew how to book a home safety check and some were embarrassed to do so. It was suggested that a Home Safety Checklist might be developed that could be downloaded from the web to enable people to carry out their own assessments.
- The priorities for expenditure in the coming year were generally supported.

2.8 It was clear that there was little real interest in budget matters but lots of engagement with service delivery and community issues. In future it is suggested that consultation should be focussed more onto the drivers of the budget than at present. The prospect of future consultations on the Integrated Risk Management Plan were welcomed by all respondents.

Capital Plans 2009/2010

2.9 The proposed overall Capital Programme for the Authority for 2009/10 is £5,219,130 made up as follows:

	£
Transport	1,547,330
Property	3,164,800
IT and Comms	<u>507,000</u>
	5,219,130

- 2.10 The transport programme contains the replacement of four older Dennis appliances with new Scania vehicles at a cost of £981,450. In addition the Breathing Apparatus Unit is to be replaced and provision is to be made for a water bowser and a welfare vehicle for the use of crews at long incidents.
- 2.11 The programme for light vehicles totals some £362,790 and includes the replacement of a number of light vehicles as well as vehicles for community safety, the arson task force and the Princes Trust.
- 2.12 In addition to vehicles the transport programme also includes £48,000 for the fitting of CCTV cameras to the remaining operational appliances not already equipped.
- 2.13 The property programme includes the cost of major projects at Carlton (£1.75m), Southwell (£262k), and Tuxford (£300k) as well as a number of smaller items. This is part of the ongoing programme of upgrading, refurbishing and rebuilding the property portfolio in accordance with the sustainable capital plan.
- 2.14 The IT Capital programme is somewhat smaller than that for transport or Property, reflecting to some degree both the limited capacity of the department and the fact that resources need to be available for the implementation of Firelink and the Regional Fire Control System. The most significant areas of expenditure are:

Regional Finance System	150,000
Absence Monitoring	60,000
Business Continuity	75,000
New Equipment	40,000
Replacement Equipment	150,000

- 2.15 It should be remembered that in terms of the revenue base, only those items which are new (rather than replacement) have any significant impact on the budget.

Revenue Budget Proposals 2009/2010

- 2.16 The Authority consulted on a Council Tax increase of between 2.5% and 3.5% and it was clear from respondents that they were relatively unconcerned. The Secretary of State has since written to the Chair of the Fire Authority issuing a warning that increases of over 5% will be regarded as excessive and thus presumably subject to capping.
- 2.17 Initial budget workings showed that even with a target of 3.5% there were demands of approaching £900,000 more than could be afforded. Senior Managers have carried out a number of reviews with departments and have, with advice from finance staff, developed a balanced budget within the figure that a 3.5% tax rate would suggest.
- 2.18 The proposed Revenue budget for 2009/2010 is therefore £46,391,167 an increase of £2,084,871 on the 2008/2009 base budget. This difference is analysed in detail from paragraph 2.22 onwards.
- 2.19 Using these figures as a preliminary indicator, Council Tax may be estimated as:

Total Budget Requirement	£46,391,167
Revenue Support Grant and NNDR	£24,017,538
To be met from Council Tax	£22,373,629

Using an estimated taxbase of £330,334 this would generate a Council Tax requirement of 67.73 at Band D an increase of £2.29 from that levied in 2008/2009. This equates to an increase of 3.5%.

Key Assumptions

- 2.20 As the budget is an estimate for the future, many assumptions have to be made in its formation. This is an area of risk, as an incorrect budget assumption may lead to an under or overspend in the future, however all efforts are made to reduce the risk by using experience and judgement to decide on appropriate assumptions. The key assumptions used in the budget process are as follows:
- Pay awards for all employees will be at 2.5% for the next 3 years
 - A vacancy rate of 2% is assumed for Administrative and Support staff.

- 24 Fire fighters are paid at development rates with the balance of the establishment being paid at competent rates. This allows for new recruits to the service to be paid on development pay throughout their training.
- All admin and support employees will progress through increments until they reach the top of scale.
- The number of operational employees receiving CPD payments will continue to be the same as in 2008/09
- There will be 3 upper-tier ill health retirements per annum
- General inflation will be at 3% per annum
- The future cost of Control post RCC will be cost neutral, with any additional cost being funded by New Burdens grant during the budget period
- The cost of achieving convergence with the RCC will be funded by New Burdens grant and, if necessary, the earmarked reserve for Firelink / FireControl
- Firelink will commence 1 April 2009
- The capital programme will spend in full each year, with no slippage
- The council taxbase will increase by 1% each year (last year it increased by approx. 1%)
- Council tax will increase by 3.5% 2009/10; 3.5% 2010/11; 3.0% 2011/12

Drivers for Budgetary Change

2.21 Budget holders have been asked to identify the reasons for any requested increases to their budgets. A number of “drivers” have emerged, which can be categorised as being either outside or within the Authority’s control. These are listed below with some commentary on each:

- Inflation (INF) – assumed to be 3% for non pay budgets but budget holders have been encouraged to only request inflation where absolutely essential. Pay inflation has been included for all pay budgets.
- High Inflation (HI INF) – the Transport Manager has identified higher than standard price increases which have affected his budgets.
- Budget Error (ERR) – small errors in last year’s budget have been identified and corrected for 2009/10
- Contracts (CONT) – where contracts have been negotiated, cost changes are built into the budget
- National Framework 2008-11 (NFS) – moving forward in line with the Framework is a driver for some budget items e.g. Firelink, IRMP consultation and Equality & Diversity
- Legislative Changes (LEG) – where regulations are changing and there is a resulting increased cost. These have been identified and are perceived as high risk areas if there is a compliance failure
- Health & Safety (H&S) – another high risk area where a budgetary implication is identified to meet health and safety requirements

- Committed (COM) – some budget holders have identified ongoing additional costs relating to workstreams/projects which have already been approved, but not yet reflected in the budget. In addition there are additional costs related to some items approved in last year's budget
- Overspending Budget (OSB) – in some areas of the non pay budget, overspends have been identified and additional budget requested where these are expected to continue.
- Capital Programme (CAP) – the revenue budget implication of the proposed capital programme
- Savings (SAV) – where budgets can be reduced, either because there was some slack in the budget or because a new way of working is proposed.
- Demand Led (DEM) – requirement for additional expenditure which is not due to new policy originated by budget holder
- New Items (NEW) – these submissions are for initiatives which have not been identified as National Framework driven or already committed to.
- Reversals- Where an item was included in the 2008/2009 budget but where there is no requirement in 2009/2010.

2.22 The summary under each of the above categories is:

Heading	Value £'s
Inflation	841,000
High Inflation	62,775
Error Correction	30,162
Contract Revision	87,554
National Framework	394,488
Legislative Change	56,123
Equipment and Fleet	103,291
Previous Commitments	485,082
Budget Pressure	72,706
Capital Programme	840,766
Budget Reductions	-1,291,465
Demand Led	153,206
New	572,409
Reversals	-373,226
Contribution to Balances	50,000
Total	2,084,871

2.23 Inflation is further divided into pay and non pay inflation. £812,897 has been added for pay inflation whilst the balance of £28,103 is added for non-pay. This is in addition of course to the high inflation addition of £62,775, £60,000 of which has been added to the fuel budget.

2.24 £30,162 is described as budget errors however £27,831 of this related to the omission of a wholetime bank holiday payment.

- 2.25 Revised contracts have been put in place for gas and electricity resulting in an increase of £81,554 on current prices. There has also been a small addition of £6,000 for Legionella testing.
- 2.26 Compliance with the National Framework involves participation in the Firelink national radio project, the estimated running costs of which have been notified as £348,188. The remaining budget increase in this category is for the appointment of an additional equalities post to bolster the services current provision in this area.
- 2.27 Under the heading of legislative change there are a number of items the largest of which is £25,723 for changes in the pension regulations around injury awards. There are also items of the cost of increased CRB checking and requirements relating to safeguarding of vulnerable people with whom the service comes into contact.
- 2.28 There are three large items in the equipment and fleet heading which are:

Phase 1 of Breathing Apparatus Replacement	£30,000
Improvements to Officers cars visibility	£33,084
Increased fleet maintenance	£36,707

The balance of £3,500 is for small fleet refurbishments and modifications.

- 2.29 Of the previous commitments heading some £232,891 relates to staff increments and changes to the superannuation contribution rates for administrative and support staff and the contingency for job evaluation. £101,700 of this figure relates to the business rates payable on the new Highfields station and other increases in business rates. The reductions in rates on both Dunkirk and Beeston stations are shown in a later table. The appointment of the Environmental and Sustainability Manager is shown as £42,347 under this heading but this is offset by a reduction in the contingency sum already included in the 2008/2009 base budget. The remaining amounts shown under this heading are given in the following table:

Description	Amount £	Comment
Boarding up charges	4,600	
Non uniformed travel	2,000	
Fire Museum Mansfield	3,000	contributions to the museum
Ceremonial Squad	3,000	Now crewed entirely by retired personnel
Long Service Awards	-1,775	Temporarily increased
Bounty Schemes	2,391	Calculated figure
Travel Expenses	600	District Base HR Officers
Professional	300	Additional HR Staff
BTEC Courses for	4,000	Additional Requirement
Fleet Software Training	5,500	Training on "Drive"
Increased hours for SDC administrator	8,700	Current practice and held temporarily
Travel and Subsistence	13,500	Recruits and RDS staff
Assistant Cook SDC	8,000	Reflect increased usage
Fitness Equipment	22,000	Maintenance
External Trainers	15,000	Equalities specialists
Legionairres Risk Management	17,000	Annual reports now required
FEM Telephones	328	Offset by increased charges
Total	108,144	

2.30 There are a number of budgets which have been identified during the review of base budgets that are overspending and will continue to do so. Some of these relate to smaller budgets held on Fire Stations and are therefore not consolidated with other larger amounts elsewhere. They are set out in the following table:

Description	Amount £	Comments
Member Expenses	2,500	Increased attendance at training seminars etc.
Statutory Publicity	3,455	Offset by savings
CPD/Short Courses	2,620	Principal Officers
Gas	1,500	Increased use of Edwinstowe
Electricity	1,602	Ditto
Central Cleaning	500	
Spoilt Meals Stockhill	1,311	County's busiest station
Travel Expenses	1,000	Princes Trust
Hire of Premises	1,000	Princes Trust
Physiotherapy and Counselling	6,623	Actual Costs
HQ Catering Contract	6,595	Actual Costs
Hire of Vehicles	10,000	Shortage of pool vehicles
Travel Budgets general	34,000	Actual Costs
Total	72,706	

- 2.31 The sum £840,766 for supporting the Capital Programme reflects not only the proposed capital programme for 2009/2010 but also the feeding through of the additional financing of Highfields which was not budgeted for in 2008/2009. It also includes £436,826 for the new way in which Minimum Revenue Provision is calculated under new rules.
- 2.32 There have been a number of budget reductions identified in the review of budgets totalling some £1.3m. These range from genuine identified savings to reductions in previously held contingencies and are set out in the following table:

Description	Amount £	Comments
Job Sizing	-2,207	Unused contingency
Pay Award	-88,315	Unused contingency
Seconded Staff	-95,000	Income from other bodies
Development Pay probation	-175,000	paid on development pay
Control Pay Award	-4,679	Unused contingency
Admin Pay	-96,140	Unused contingency
2% Vacancy Factor	-100,000	New Item
Admin Pay	-20,000	Recruit at scale minimum
Injury Allowances	-84,183	Experience to date
Ill Health Charges	-275,595	Reduction in retirements
Neighbourhood working	-30,000	See New Items
Mosaic Licence	-8,500	Actual Costs
CS Research	-39,081	No longer required
Firesetters Contingency	-75,000	Unused contingency
Cadet scheme	-25,000	No longer required
Training	-5,000	Budget Reduction
Office Equipment/stationery	-10,750	Budget Reduction
Publicity	-4,650	Budget Reduction
Books and Publications	-2,000	Budget Reduction
Medical Fees	-2,000	Increased Income
Consultancy	-5,000	Budget Reduction
Business Rates	-36,000	Dunkirk/Beeston
HQ Catering	-2,500	Increased Income
Motor Tax	-3,000	Budget Reduction
Pool Car Maintenance	-1,000	Budget Reduction
Fire Kit	-30,000	New Kit Issued
Licenses and Rentals	-54,334	Budget Reduction
Minor Purchases	-8,000	Budget Reduction
Audit Fees	-8,531	Budget Reduction
Total	-1,291,465	

2.33 Items described as being demand led are those which result from increased levels of activity. They are described in the following table:

Description	Amount £	Comments
Job Evaluation Contingency	-9,994	Reduction
Injury Gratuity Lump Sum	10,000	No base for this
Pension Payments	1,561	Retained not in scheme
ADC Support	25,000	Accommodation
Public Consultations	23,862	IRMP
Premises Insurances	4,000	Based on asset values
Vehicle Insurances	15,500	Based on asset values
Funeral Tributes	700	
Legal/removal expenses	8,000	Actual experience
Hire of Premises	1,000	HR Tribunals etc.
Fleet Training	6,000	Moved to another head
Minor Business Rates	1,817	
Vending Rentals	420	
FEM Subscriptions	-750	
FEM Training	1,200	
Accident Repairs	2,100	Fleet – uninsured
Subsistence	2,700	Fleet Drivers
Workwear	400	Fleet Drivers
Offices Phones	1,510	
ICT Contracts	45,330	Offset by savings in licensing
ICT Spares	4,000	
Use of Ordinance Survey	7,850	Previously notified
Short Courses	1,000	
Total	153,206	

2.34 There are a number of new initiatives in this budget proposal as set out in the following table:

Description	Amount £	Comments
Neighbourhood working in the City	10,000	Combines with £40,000 already in the base
Employment of theme specific advocates for youth and elderly	75,000	See note below
Road Safety Education	7,000	
RTC Awareness days	3,000	
Youth Forum	4,500	
Bendigo	7,000	Additional courses
Firesetter programme	6,000	
Firesafe Programme	5,000	
Student Safety	12,500	
Home Safety Check expansion	10,000	
Development of vulnerable persons workstream	10,000	
Fire Retardant Bedding	4,000	
Other Safety Equipment	5,000	
Mosaic Origins	10,540	
Neighbourhood Team Approach	24,000	See line 1
Fire Proof Letter Boxes	4,000	
Fire Investigation Training	3,000	
Child Protection training	2,000	
Smoke Alarms	72,000	See below
District specific Budgets	20,000	£5,000 for each GM
Equipment	1,205	
Reduction in sponsorship	20,667	
External Training Providers	20,000	Media Training
Professional Subscriptions	150	
External Training	6,000	Value Workshops
Benendon Health Scheme	12,000	
Employee Benefits Scheme	10,000	Set up costs only
Overtime	3,000	Work experience
Uniform	2,000	Work experience
E.Learning - Learnpro	15,000	
Drug and Alcohol Testing	15,000	Partnership with Police
Office Equipment	5,000	Equalities

Mobile Fitness Testing	4,000	
FEM Misc	390	
Fleet Software	3,500	
Vehicle Battery Chargers	47,000	
Hose reel branches	10,000	
Maintenance of flood PPE	20,000	
Extension of co-responding	15,000	Defibrillators
Inner cordon equipment	20,000	
New Post Service Desk Supervisor	24,350	compliance and work scheduling
City Hydrants	23,607	
Total	572,409	

- 2.35 An item worthy of particular note in the “New” category relates to activity proposed in the City area in respect of neighbourhood team working and the employment of themed advocates. Whilst it is undoubtedly true that there are areas of the County that show deprivation and fire statistics similar to areas of the City, it is well known and appreciated that the majority of the target groups for Community Safety are within the City area. In addition to this both the City Council and the Police are well advanced in their approach to neighbourhoods and it is considered that there will be immediate benefits from the injection of significant resources into these established partnerships. The proposal for investment in specific advocates for young people and the elderly as well as in neighbourhood teams is designed to prove that concentrated effort with target groups will result in improved outcomes. It is considered that the learning from this approach will inform strategies elsewhere.
- 2.36 The reduction in the specific grant for smoke detectors is gradually being mainstreamed into the base budget at a cost in 2009/2010 of £72,000.
- 2.37 The sum of £323,226 for reversals relates to one off items that were in the budget for 2008/2009 that are no longer required in 2009/2010 and beyond.
- 2.38 The final item of expenditure is shown as a contribution to balances of £50,000. This is in fact reversing a previous contribution from the balances which will not be continued in 2009/2010.

Capital Proposals for 2010/2011 and 2011/2012

- 2.39 The Capital Programme projections for years 2 and 3 of this budget cycle can be estimated from the work already carried out by the property strategy group and from the vehicle replacement programme. However the fact that the Authority is carrying out a major review of the Integrated Risk Management Plan (IRMP) in 2009/2010 means that it is not possible for predictions for additional demands on, or reductions in the budget to be made. This is particularly difficult for ICT where it is possible that there may be significant demands arising from the IRMP. The following indicative programme is therefore presented on the basis of the best knowledge at the present time.

- 2.40 The Transport programme includes for the replacement of 4 pumping appliances as part of the ongoing strategy as well as the replacement of two of the existing Rescue Tenders with new specialist rescue units. Proposals for the light fleet are limited to the replacement of vehicles which are on lease or at the end of their useful lives. Many of these will already have sufficient Revenue Budget cover.
- 2.41 The position in 2011/12 is similar with 4 pumping appliances being replaced and £50,000 required for replacement light vehicles.
- 2.42 The property programme includes for the major rebuild of an existing station (location to be determined by Property Strategy Group) in accordance with the existing strategy. Similarly refurbishments are planned for Blidworth and East Leake stations as well as some major work at Mansfield and Ashfield.
- 2.43 Similar plans are in place for 2011/2012 with refurbishment planned for Eastwood and a further major project.

Revenue Proposals for 2010/2011 and 2011/2012

- 2.44 As with the Capital Programme it is difficult to be precise about budget demands beyond the implementation data of a new Integrated Risk Management Plan however there are significant areas of the budget where meaningful assumptions can be made such as those relating to wholetime pay increases etc.
- 2.45 Using the same generic headings as for 2009/2010 the Revenue Budget position for the above years is:

Heading	2009\10 £'s	2010/11 £'s
Opening Base Budget	46,391,167	48,054,522
Inflation	834,455	907,020
High Inflation	2,505	2,475
Error Correction	0	0
Contract Revision	37,000	76,840
National Framework	5,000	-5,000
Legislative Change	9,943	20,199
Equipment and Fleet	30,650	22,750
Previous Commitments	42,959	53,931
Budget Pressure	3,045	2,906
Capital Programme	449,964	35,000
Budget Reductions	31,087	71,679
Demand Led	-5,425	12,507
New	-73,042	-5,698
Reversals	30,264	0
IRMP Contingency	275,000	300,000
Total Additions	1,643,141	1,494,649
New Base	48,054,522	49,549,131

- 2.46 The inflation figures again include for 2.5% pay inflation and this accounts for £725,076 in 2010/2011 and £874,549 in 2011/2012 the rest being taken up with general inflation.
- 2.47 The contract revision amount of £37,000 reflects the ongoing costs of PPE replacement and maintenance having removed these in 2009/2010. The majority of the £76,000 in 2011/2012 is to allow for insurance premium increases as the long term agreement with the current insurer comes to an end March 2011.
- 2.48 The equipment and fleet figures relate primarily to improvements in respiratory protection being phased over two years.
- 2.49 Having taken the decision to employ admin and support staff on the bottom of the grades a requirement to budget for increments re-emerges. The majority of the increase for previous commitments is for these amounts.
- 2.50 The Capital Programme continues to consume revenue resources primarily due to changes in calculation although this reduces significantly in 2011/2012.
- 2.51 The fact that budget reductions shows an increase rather than a decrease is due to the fact that a number of earlier reductions were for single years only and now need to be added back.
- 2.52 The large reductions in the "New" category again reflect the fact that many projects have a life of only one or two years and do not require ongoing budget support.
- 2.53 IRMP contingency is a sum of money which it is recommended is set aside to take account of the likely outcomes from the IRMP process. As these are unknown at the present time it is not possible to plan for them however carrying a contingency sum would seem to be a prudent approach.
- 2.54 Both of the future years would require a Council Tax increase of 3% based on current assumptions however it should be noted that 2011/2012 is outside the range of the current grant settlement and there is an expectation of a new grant formula. It may be necessary therefore to adjust the 2011/2012 budget accordingly.

3. FINANCIAL IMPLICATIONS

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

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are a number of issues relating to HR including the employment of staff and extensive activity around learning and development. It has to be remembered however that this paper relates to the budget and whilst providing funds for an anticipated activity it does not implicitly approve the appointment of staff which is the remit of the HR Committee.

5. EQUALITY IMPACT ASSESSMENT

An equality impact assessment has not been undertaken in respect of this report. There are a number of implications for equality (none of which are negative) which are being considered, and a full impact assessment is to be prepared for the final budget paper.

6. CRIME AND DISORDER IMPLICATIONS

A positive contribution towards Crime and Drugs partnerships will strengthen the role of the Authority in this area.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 There are a number of risks associated with this paper. Any budget settlement is based on a series of predictions and assumptions any of which could prove to be incorrect. Nevertheless the largest area of risk, being the Revenue Support Grant, is secure. Other risks include the risk of a falling or static taxbase as well as the threat of non collection of tax during 2008/2009.
- 8.2 In addition to this there are risks associated with predicting pay awards where a 1% variance can lead to increased costs of £150,000. It is considered however that the estimate that has been made is sensible and this is borne out by comparison with other services throughout the UK.
- 8.3 The management of such risks, once satisfied that the best estimates have been applied, relies on the cover provided by balances.

9. RECOMMENDATIONS

That Members approve the proposed capital and revenue budgets for the period 2009/2010 to 2011/2012 subject to any late amendments for changes to taxbase and recommend them for acceptance by the Policy and Strategy Committee.

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

None.

Frank Swann
CHIEF FIRE OFFICER