



Nottinghamshire and City of Nottingham Fire and Rescue Authority - Meeting of the Authority

Date: Friday, 15 December 2023 **Time:** 10.30 am

Venue: Joint Fire / Police HQ, Sherwood Lodge, Arnold, Nottingham, NG5 8PP

Members are requested to attend the above meeting to be held at the time, place and date mentioned to transact the following business

A handwritten signature in black ink, appearing to read "M. J. [unclear]".

Clerk to the Nottinghamshire and City of Nottingham Fire and Rescue Authority

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To consider excluding the public from the meeting during consideration of the remaining items in accordance with Section 100A of the Local Government Act 1972, under Schedule 12A, Part 1, on the basis that, having regard to all the circumstances, the public interest in maintaining an exemption outweighs the public interest in disclosing the information. | |
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Any councillor who is unable to attend the meeting and wishes to submit apologies should do so via the Personal Assistant to the Chief Fire Officer at Fire Services Headquarters on 0115 8388900

If you need any advice on declaring an interest in any item above, please contact the Governance Officer shown on this agenda, if possible before the day of the meeting.

**Governance Officer: Cath Ziane-Pryor
0115 8764298
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The agenda, reports and minutes for all meetings of the Fire and Rescue Authority can be viewed online at:

<https://committee.nottinghamcity.gov.uk/ieListMeetings.aspx?CId=224&Year=0>

If you would like British Sign Language interpretation at the meeting, please contact the Service at least two weeks in advance to book this, either by emailing enquiries@notts-fire.gov.uk or by text on SMS: 0115 824 0400

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Nottinghamshire & City of Nottingham Fire & Rescue Authority

MINUTES of the meeting held at Dunkirk and Beeston Suites - Highfields Fire Station, Hassocks Lane, Beeston, Nottingham. NG9 2GQ on 14 July 2023 from 10.30 am - 12.44 pm

Membership

Present

Councillor Michael Payne (Chair)
Councillor Patience Uloma Ifediora (Vice Chair)
Councillor Liaqat Ali
Councillor Callum Bailey
Councillor Richard Butler
Councillor John Clarke MBE
Councillor Robert Corden
Councillor Sybil Fielding
Councillor Tom Hollis
Councillor Anwar Khan
Councillor Gul Nawaz Khan
Councillor John Lee
Councillor Devontay Okure
Councillor Nick Raine
Councillor Nigel Turner
Councillor Roger Upton
Councillor Jonathan Wheeler

Absent

Councillor Jason Zadrozny
Commissioner Caroline Henry

Colleagues, partners and others in attendance:

Craig Parkin – Chief Fire Officer
Damien West - Assistant Chief Fire Officer
Mick Sharman - Assistant Chief Fire Officer
Becky Smeathers – Head of Finance and Treasurer to the Authority
Malcolm Townroe – Clerk and Monitoring Officer
Leila Henry - Risk, Resilience and Assurance Manager
Catherine Ziane-Pryor – Governance Officer

8 Apologies for Absence

Police and Crime Commissioner Caroline Henry
Jason Zadrozny (personal)

9 Declarations of Interest

None.

10 Minutes

The minutes of the meeting held on 26 May 2023 were confirmed as a true record and signed by the Chair.

11 Chair's Announcements

With regard to the horrific incidents which took place on 13 July 2023 in the City, where 3 people were tragically killed, the thoughts of the Service and Authority go out to the families and friends of Barnaby Webber, Grace O'Malley Kumar and Ian Coates. Members are immensely proud and grateful of how the Service, along with the other emergency responders and the City Council, mobilised in circumstances of uncertain risk.

In addition, our thoughts also go out to the family and friends of Kyle Knowles who was stabbed and killed 26 June 2023 near Highbury Vale tram stop.

Thankfully these incidents are rare but if any Service staff feel the need for support as a result, they are urged to please access the wellbeing support available.

Councillor Nick Raine, on behalf of the City Council, echoed the thanks of the Authority to the Emergency Service responders. The subsequent coming together of the community at the 'Nottingham Together' vigil and hearing victim's families speak with such dignity was extremely moving and powerful.

On 21 June 2023, Iain Hughes, a colleague serving with the West Midlands Fire Service, went missing whilst swimming the English Channel in aid of the Firefighter's Charity, British Heart foundation and Midlands Air Ambulance. Despite the best efforts of Search and Rescue, he is yet to be found. Iain had aimed to raise £21,000 for the charities, the total at this time is in the region of £55,000 and donations can still be made via Iain Hughes' Just Giving page. Our thoughts are with his family, friends and colleagues.

A minute's silence was observed by all those present in honour of Barnaby Webber, Grace O'Malley Kumar, Ian Coates, Kyle Knowles and Iain Hughes.

The Service is extremely proud to again be leading the Nottingham Pride parade with a fire engine. Colleagues will be present promoting fire safety and Service recruitment. This is a huge event for the LGBT+ community and everyone is encouraged to attend.

A Strategic Inclusion Board meeting will be held today at the rising of the Authority, and is open to all members to attend.

12 Revised Procurement Thresholds

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report which, as part of the revision of the Fire Authority's Financial Regulations, seeks approval for revision of the Procurement Thresholds, to ensure they are appropriate and relevant. The thresholds were last reviewed in 2011.

The report sets out the proposed revised thresholds against the previously approved thresholds.

Members were assured that although individually set, the proposed thresholds were broadly in line with those of other Fire and Rescue Authorities, and compliant with general standard practice.

Resolved that the updated procurement thresholds are approved and are to be incorporated into the financial procedures of the financial regulations.

13 Treasury Management Annual Report 2022/23

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report which provides an update on treasury management activity during the 2022/23 financial year.

The following points were highlighted and members' questions responded to:

- a) The report outlines the definition of Treasury management, the requirements of the Authority with regard to financial regulations, and provides an update of activity against the agreed Treasury Management Strategy;
- b) Borrowing has been driven by the capital programme, of which, £2.2 million has been spent, mainly financed from Borrowing and Capital receipts.;
- c) £6 million was borrowed at the end of 2021/22, prior to interest rate rises. There has been no need to increase borrowing during 2022/23, which was resulted in increased interest income;
- d) Paragraph 2.30 of the report includes a table of the approved indicators compared to those achieved, of which none were breached and all limits were adhered to;
- e) With regard to the phrasing in paragraph 2.3 intimating that increased inflation is contributed to by pay inflation, some members challenged that this is an incorrect political point. The economic review is provided by the external accountants, but the point is noted.

Resolved to note the update on treasury management activity during the 2022/23 financial year as required under the Local Government Act 2003.

14 Annual Governance Statement 2022/23

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report which seeks the approval of the Annual Governance Statement covering the financial year, up to 31 March 2023, as set out in the report.

The following points were highlighted and members' questions responded to:

- a) The Annual Governance Statement is usually presented alongside the statement of accounts, but due to the ongoing National delays in external audit, this has not been possible and so is presented in advance, with the unaudited accounts available to view

on the Service's Website, having been reviewed by the Finance and Resources Committee;

- b) The Authority is required by statute to approve an annual governance statement which sets out processes and procedures, which enable the Service to function efficiently;
- c) The three main areas of the statement focus on;
 - i. Governance Framework;
 - ii. Effectiveness Review;
 - iii. Conclusion;
- d) Significant assurance has been provided by an Internal Audit review and the report 'acknowledged that effective controls were in place regarding self-assessment, leadership, accountability, long term sustainability and value for money'.

Members welcomed the report and statement which confirms that the Authority is still in a good position when compared to some other Fire and Rescue Service Authorities, adding that members need to ensure that this does not change.

Resolved to approve the Annual Governance Statement 2022-23 for publication.

15 Annual Statement of Assurance 2022-23

Leila Henry, Risk, Resilience and Assurance Manager, presented the Annual Statement of Assurance for 2022/23, which sets out how the Service had performed against the six strategic goals of the Community Risk Management Plan, while also providing assurance on financial, governance and operational management.

The following points were highlighted and members' questions responded to:

- a) The statement in its entirety is attached to the report and designed to provide citizens with assurance that the Service is functioning as proposed;
- b) Key highlights from the past 12 months are outlined in report and include:
 - i. Positive external assurance reports, from both OFSTED for the fire fighter apprenticeship, and His Majesty's Inspectorate for Constabulary Fire and Rescue Services (HMICFRS), both rating the Service as 'good';
 - ii. The ongoing inclusion journey, supporting Pride and ensuring the deaf community has access to 999 calling;
 - iii. Ongoing support and investment in staff and the Service, with the new Incident Command Training Facility, and the new fire station at Worksop;
- c) The report includes information which members may find useful in passing to citizens in the constituencies regarding the activities and achievements of the Fire Service, particularly during a challenging period;

- d) OFSTED inspected the Service for the first time following its registration as an employer provider. External scrutiny took place, the same as any other training provider. It is anticipated that the next Ofsted inspection will be more than two years' away;
- e) Additional functions system have been provided to the community to improve access, all of which have been tested to ensure they are embedded and ready for use;
- f) Under representation is a continuing focus to be addressed by the Service with ongoing recruitment action, specifically targeting underrepresented groups;
- g) Smoke hoods, although not new, when not generally in use until following the Grenfell Tower tragedy, have been used to support the evacuation of multiple persons. Initially additional funding was made available by Central Government to assist with this purchase;
- h) With regard to equality, diversity and inclusion (EDI), the Service does have an integrated action plan which is currently under review. It's acknowledged that the culture of the Service as a whole does have a long way to go with regard to representation, attitude and behaviour. The complete buy-in to the equalities agenda needs to be adopted by everyone, including elected members and all staff, including the challenging of inappropriate behaviour. There are mechanisms in place, including the Strategic Inclusion Board which members are welcome to attend and have the opportunity to directly engage with the EDI networks. There is also an inclusion Performance Group within the organisation. Any information can be shared with members on request.

Members of the Authority congratulated the Service for:

- i. the Worksop Fire Station which has excellent facilities;
- ii. the Service's attendance over a long period at the Ranskill incident, for which a great deal of respect was expressed from the local community;
- iii. achieving a good rating from the Ofsted inspection of the firefighter apprenticeship scheme;
- iv. the impressive achievement of the Service responding to a 12% increase in incidents, particularly as the workforce has reduced by up to 40 persons.

Resolved to approve the Annual Statement of Assurance 2022-23 for publication.

16 Resourcing to Risk

Craig Parkin, Chief Fire Officer, introduced the report which had been requested by members to support the Efficiencies Strategy (Futures25) and the resulting associated risks to the community from the £3.3 million deficit in funding at that time.

The deficit has since been massively reduced but there is still a focus on resourcing to risk for the current £1.2 funding deficit. There are very few feasible options to address the risk within the available budget, but these must be carefully considered.

Damien West, Assistant Chief Fire Officer, presented the report, which seeks to discharge the task allocated by members to address the resourcing to risk concerns, most significantly highlighted at the Ashfield Fire Station.

The following points were highlighted:

- a) the three main elements considered are:
 - i. Resourcing to Risk;
 - ii. CRMP commitments;
 - iii. the available budget;
- b) the report is based on the risk evidence provided from the Independent Fire Cover Review and the current resourcing model, with the re-instating of 24 hour crewing;
- c) To achieve the 24 hour crewing model, an additional 12 additional posts will be required at a cost of £600,000 per year, which, with the budget deficit, is not viable, and so amendments must be made within the current establishment of 356 without impacting on the level of fire cover across the City and County;
- d) it is proposed that crewing models be amended to a ridership of 24 personnel for a single pump station, and 44 personnel at a double pump station;
- e) 65% of responses were crewed by 4 firefighters overall which rose to 85% at the height of the summer response demand;
- f) This will result in an increased crewing risk with the occurrence of sickness or other abstractions from ridership, but the Service has mechanisms in place to support this, which would be more likely to impact on multiple appliance responses;
- g) Productive hours will be increased and the average attendance time for second appliances is likely to remain under 6 minutes;
- h) Current operational procedures will also be reviewed to ensure the safety of firefighters and our communities;
- i) 4 operational posts will be released to other areas within the Service;
- j) Changes will take a project based approach led by ACFO West, with implementation by the end of November 2023, with regular monitoring and updates;
- k) Ongoing monitoring, including Quality Impact Assessments will be undertaken regarding attendance, training and resources, with monitoring of any impact on communities and the workforce;
- l) The additional cost of reinstating 24 hour cover at Ashfield is £36,310 per year, the responsibility for which has been delegated to the Chief Fire Officer
- m) The Authority does have a statutory duty to provide a balanced budget;
- n) Section 8 to the report sets out identified risks associate to the recommendation.

The Chair invited the formally submitted questions from representatives from the Fire Brigades Union:

FBU question: Resourcing to Risk – Para 2.7

The current crewing model in Nottinghamshire allows for additional hours to cover sickness, maternity, retirements, and other gaps in the ridership. These new proposals will reduce the number of hours available by 28,634, leaving us with a deficit of 11,875 hours.

Not only does this remove all our capacity to cover deficiencies in the ridership, but it also removes our ability to maintain standard crewing levels even with the full establishment levels listed within the policy.

Will this fire authority commit to increasing the establishment by 12 to properly crew Ashfield without affecting the level of fire cover provided elsewhere?

The Chair responded:

The report of the Chief Fire Officer, and the proposed deployment of resources acknowledges that there will be increased occasions where appliances are crewed with 4 personnel. However, the approach being proposed does mean that the Service is not adopting an approach of permanently crewing with 4 personnel and maintains the flexibility of self-rostering for personnel. The Service also has well-established processes to managing the levels of ridership and availability of both wholetime, and on-call, appliances.

As outlined in the medium-term financial strategy, and referenced in this report, the Service faces continued uncertainty in the levels of funding for coming years and there is an anticipated deficit for next year in the region of £1.2 million. The approach proposed by the Chief Fire Officer addresses the requirement of using the current resources in the most effective way to address the identified risk in the Ashfield area, whilst maintaining current levels of fire cover across the City and County.

FBU question: Resourcing to Risk – Para 2.5

2.5 of the report states that there will be an additional cost of around £600,000 to create additional posts at Ashfield.

This figure does not consider that current recruitment plans mean up to 50 firefighters will be on apprentice wages by the end of 2024.

These individuals are on substantially lower wages than a competent firefighter.

In addition, due to current establishment vacancy levels we believe the majority of costs can be contained within current budgets in the short term.

Does the Fire Authority commit to use reserves to cover the slight increase in costs until the true financial implications can be seen?

The Chair responded:

The Service does not currently employ any firefighters on an apprenticeship wage and has, in fact, recently taken steps to ensure that all new firefighters are paid at a higher, development rate of pay from their starting date with the Service. The Service is also undertaking actions to address some of the vacancies in the wholetime establishment within this financial year. It would not be prudent, nor appropriate, to commit to additional expenditure that would present an even greater deficit than is currently forecast, and which would present a greater risk to the Authority in delivering its statutory duty of ensuring a balanced budget.

The use of reserves is not sustainable and is not advised by the Head of Finance and Treasurer as an appropriate approach to funding established posts within the Service's structure.

Members and the Chief Fire Officer will continue to lobby for a more realistic and longer-term funding settlement for the Service, as this is the key to a sustainable future that ensures the safety of our communities.

This report has been a difficult piece of work but provides a balance between the legal requirement to present a balanced budget, against supporting the communities of the Ashfield District.

FBU question: Resourcing to Risk – Para 2.12

Whilst the FBU support the intent behind the proposal to reinstate wholetime night cover at Ashfield with the addition of 12 posts, we do not understand why they are at the same time looking to remove a further 4 posts from the ridership.

When day shift crewing was first implemented at Retford & Ashfield it was done so with the removal of 44 posts from the ridership. It is completely unacceptable to reinstate this cover, lowering ridership figures at all other wholetime stations whilst simultaneously removing an additional 4 posts.

This will lead to serious and dangerous shortfalls in the crewing of other appliances and affect firefighter safety.

Will the fire authority commit to keeping these 4 posts in the ridership rather than see them reallocated to other departments?

The Chair responded:

The disposition and direction of resources is a matter for the professional judgement of the Chief Fire Officer, providing advice to the Fire Authority. The Service has many commitments to its communities in its Community Risk Management Plan, and it is the responsibility of the Chief Fire Officer to ensure that the available resources of the Service are used effectively to address all of these.

I know that the Fire Brigades Union are committed to the work relating to developing the culture in the Service and efforts to increasing the establishment figure through positive action and recruitment over the coming months. It is vital that these areas of work are resourced effectively, whilst also presenting opportunities for the development of operational colleagues, by offering alternative roles within the Service.

It should also be noted that all operational personnel maintain their operational competencies and remain available to be deployed if required, even when their role is

outside of the operational ridership, therefore maintaining a resilience and support for the availability of fire appliances when required.

The Chair thanked the FBU for the constructive way in which it has engaged on a difficult issue for everyone involved, stating that the good relationship with the Trades Unions is much valued. The Chair assured all present that he would continue to work with Trades Unions for longer term settlements from Central Government and the work against the way in which this Service has been singled out disproportionately for funding cuts over several years.

Other contributions included:

- o) on behalf of himself, Councillor Jason Zadrozny and the community of Ashfield, Councillor Tom Hollis thanked everyone involved in working towards today's decision. In Councillor Jason Zadrozny's unavoidable absence, Councillor Hollis read the following on behalf of Councillor Zadrozny, Leader of Ashfield Council;

‘I would like to thank the thousands of residents who have joined the Ashfield Independent campaign for a full time Fire Station. We've always said that the decision to move to a part-time station in 2018 was the wrong one. The Ashfield Independents instigated the Ashfield Fire Service Review and led Ashfield's response to the consultation, working with communities to provide positive results and make life safer. This is why we do the job we do and why as the Council Leader, I'm delighted with the decision to be taken today’;
- p) Councillor Hollis added that the cross-party working of Fire Authority Members for the benefit of the community has been phenomenal, as has the activity and sensitive responses by the Fire Service to community fear following local Ashfield tragedies. Disappointment was expressed at the lack of involvement by the Ashfield MP regarding the consultation, but the hard work of everyone else is acknowledged and appreciated;
- q) Cllr Nick Raine welcomed the decision as a positive move for the Ashfield Area but expressed concern that within risk management implications listed in the report, risk is still recognised as ‘mitigated in part’ with regard to the availability of resources. With funding being consistently cut the need to reform is ongoing, and whilst this is a significant reform, there are still problems and there is real concern around the increasing effects and pressures on the workforce, particularly as numbers are reducing but workload increasing, including ridership regularly reducing from 6 to 4. This makes some members of the Authority uneasy, primarily regarding firefighter safety, but on a broader level with regard to hours and overtime and the increasing complexity of many premises, specifically within the City, but with fewer firefighters riding, this is a grave concern;
- r) The CFO welcomed the scrutiny and being held to account by members, highlighting that policies have changed over many years, assuring members that this is not an outright policy decision. The risk to communities has been considered and whilst there is less risk to communities, the professional people who deal with that risk will be carrying additional risk but in a different way. Many other Services already have already implemented a ridership of 4 policy, and have been successfully operating it for several years. This Service had not implemented such a policy, but to achieve the required coverage, this is the only feasible option within the current financial restraints. Incident command training will be reviewed to take into account the changing risk profile. The Service is scrutinised on many levels beyond blue light response, including culture, which is not specifically

resourced, along with Equalities Diversity and Inclusion, Building Safety Inspection, and Fire Protection; which all requires resourcing. Whilst this is a positive outcome for Ashfield, the decision affects every station across the county. Nationally, consideration is required with regard to crewing models and how they are funded;

- s) Councillor Wheeler, as Group Leader of the Conservative membership, welcomed the lowering of the response times across the county as a result of this decision, acknowledging the stated risks and requested an update report in six months' time to the November meeting and then ongoing, to include response times, to ensure that any required adjustments are highlighted and acted upon promptly;
- t) The CFO noted that wholetime availability monitoring and evaluation is already taking place and reported to the Community Safety Committee along with On-Call availability, but that a report focused on this decision could be provided.

Resolved

- 1) **to support and endorse the approach of the Chief Fire Officer in the deployment of resources to risk;**
- 2) **to agree to receive further updates at full Authority meetings relating to this workstream.**

17 Futures25 - Phase 2 update

Leila Henry, Head of Risk Assurance and Operational Training, presented the report which provides an update on the progression to phase 2 of the Service's efficiency and improvement programme, Futures25.

The following points were highlighted:

- a) Phase 1 focused on efficiency, but due to changes in budget deficit, thankfully not all proposals were required to be implemented;
- b) The programme is also a vehicle for delivering service improvement and redesign, for which there is a specific budget allocation;
- c) The operating context of the Fire Service nationally is changing very quickly, so this needs to be taken into consideration, including the necessity to respond to new and emerging risks quickly and dynamically. In addition, there is an increasing expectation for the sector to improve EDI values, culture and leadership within the Service, and so these National priorities need to be included within the programme to ensure appropriate resourcing
- d) National expectations from the Inspectorate and Home Office have included the requirement to provide efficiency and productivity plans, which include detailed financial and quality information on progress. The LGA have proposed that 2% of non-pay efficiencies, and 3% of productivity increases can be achieved within the futures 25 proposed implementation schedule into 2024/25;
- e) The report sets out the strategic aims and objectives for phase 2 of Futures 25, including four key work streams;

- i. Governance Review;
 - ii. Revenue Budget Management;
 - iii. Service Redesign;
 - iv. Culture, EDI and Leadership.
- f) The governance review will consider the governance and meeting structures of the Service to ensure there is an appropriate amount of control and risk mitigation around decisions ensuring that risks are assured at the highest level and the responsibilities devolved to the most appropriate level in the organisation. This will enable a rapid and dynamic response to national demands and ensure that community outcomes are as good as they can be;
- g) Revenue budget management includes the requirement to achieve 2% non-pay efficiencies, but to date, the Service has already identified £1.1 million worth of savings, which is in excess of the 2% required efficiency, although some savings can only be considered temporary due to vacancies. Non-cashable savings will be monitored closely. Assurance is provided that to address the predicted budget deficit of the next financial year, every effort will be made to achieve non-pay efficiencies prior to consideration of any pay budget alterations;
- h) Service redesign is the most significant area of improvement work. It will identify where there are interfaces which can be streamlined to improve efficiency, including potential investment in IT systems;
- i) The workforce has been consulted throughout and it's reassuring that areas identified for improvement by the workforce have also been identified through the program team. Several areas of improvement will start this year as part of the Annual Delivery Plan, potentially with Futures 25 enabling additional funding to be accessed to implement the changes;
- j) Any redesign activities taking place will be done in conjunction with the workforce to generate a ground-up approach for improvement. The people who hold the answer to the Service improving are the people who are doing the job every day. This will be supported by an internally appointed organisational development professional to support workforce engagement;
- k) Culture, EDI and Leadership has been added as the fourth element as people are key to the successful implementation of change, whilst also ensuring that the necessary resourcing is available and ensure that work will progress with the expected speed;
- l) The responsibility of the Service is to respond in a balanced manner to different risks, including emergency response. There has been a significant reduction in number of support staff over recent years, resulting in fewer people working to deliver services to communities. However, if the Service doesn't continue to evolve and progress ways of working, there will be a degradation of services;
- m) Workforce engagement is key to the success of the program, ensuring that station based staff can share and identify areas which will make their time more efficient in supporting communities, including risk mitigation beyond that of the frontline. The amount and variety of tasks expected from the frontline workforce has expanded in recent years, but

to the benefit of communities, both in identifying emerging risks and working to address or respond to them.

Comments of members included:

- n) The need to make efficiencies is understood, £900k cost of implementation futures 25, makes members uneasy when asked to make £600k cuts on frontline services;
- o) Members welcome the approach and consideration of efficient investment and suggested that consideration should also be given to withdrawing elements of work, which may not be wholly necessary, particularly as many staff feel that the authority is asking too much of staff;
- p) Central Government is dictating the tasks for which the Fire and Rescue Services are to be responsible, and yet is not providing additional funds to support these additional responsibilities;
- q) The lack of funding and investment from Central Government is having a huge impact on the Service. It would be a struggle to determine which areas of work the Service should retreat from as is believed that the Service is currently working as leanly as possible to meet the requirements of the Community Risk Management Plan (CRMP) commitments;
- r) The CRMP sets out what citizens can expect from the service and the commitment from the authority. There is an opportunity to look again at the CRMP in advance of the new plan to be introduced in April 2025, within the available budget;
- s) There still needs to be ambition for the Service which is currently achieving very well in difficult circumstances;
- t) Efficiency must continue to be examined and work prioritised;
- u) Officers of the Futures25 Programme Team were thanked for their work;
- v) It is acknowledged that without support staff, the Service could not operate, and so adequate investment is required.

Resolved

- 1) to note the content of the report;**
- 2) to agree to receive future updates on the Futures 25 Programme.**

18 His Majesty's Inspectorate of Constabulary and Fire and Rescue Services

Damien West, Assistant Chief Fire Officer, presented the report which provides an overview of national reports issued by his Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), and provides an update on inspection preparation activities by this Service.

The following points were highlighted and members' questions responded to:

- a) The report covers two key areas, the firstly the new 'His Majesty's Chief Inspector of Constabulary and His Majesty's Chief Inspector of Fire & Rescue Services', and secondly the commencement of the third round of inspections by the inspector and the plans preparing for the inspection later this year;
- b) The State of Fire and Rescue: The Annual Assessment of Fire and Rescue Services in England 2023, was published in January and includes reviews, inspections of the previous year;
- c) Three inspection areas covered are efficiency, people and effectiveness;
- d) Overall, there has been a decrease in efficiency with regard to:
 - i. resource management and affordability across the sector,
 - ii. inadequate preplanning for collaborative arrangements;
 - iii. lack of fully developed saving plans;
 - iv. staff shortages in specialist functions,
 - v. issues with resource management;
 - vi. challenges associated with funding and governance arrangements;
- e) It was stated that most Services could improve their productivity through using more effective performance management, such as utilising whole time firefighters more in prevention activity, and more efficient use of technology;
- f) National productivity targets have been developed to support the use of whole time firefighter capacity in prevention and protection tasks which linked to the community risk management plan (CRMP);
- g) Effectiveness was examined within five the key areas. It was highlighted that some services lacked a link between their CRMP and daily operations, and whilst services were responding well to incidents, there was capacity to improve some response standards;
- h) Fire fatalities have increased nationally, reflecting the need to raise fire prevention to a higher priority within prevention strategies. Fire protection improvements across the sector following the Grenfell Tower incident were acknowledged;
- i) The common challenges of recruiting staff, particularly to specialist roles, and diversifying work forces through recruitment and positive action was recognised;
- j) Some services were recognised for the risk critical training, and efforts to develop training in other skills, including leadership, management, equality, diversity and inclusion;
- k) Following the spotlight report on values and culture, an immediate sector wide response is swiftly required. This service submitted a report to its human resources committee, outlining the responsive approach;
- l) report sets out this Service's inspection preparation program for the third round of inspections which are due to begin in January 2023;

- m) variations on previous inspection approaches are outlined in the report, along with how the Service is planning to respond;
- n) The inspectorate will undertake a full review with advance notice provided and a dedicated contact in HMICFRS with a good 2-way relationship with a lot of scrutiny with an open approach;
- o) Performance management should be considered in the broader sense of business management and not just the management of poor individual performance.

Members commented:

- p) Welcomes the preparedness of the Service for the inspection and the addition of an extra grade;
- q) There is concern that the Service is expected to improve through performance management but the influences responsible for performance impacting elements, such as pay and a shortage of staffing, are outside of the resourcing ability of the Service. If the Service doesn't have enough staff or funding, performance will be impacted, which is not appropriate;
- r) Performance management referred to in the report needs to be explained in more detail in the Service's reports and communications, even though it originates from the nationally issued State of Fire report;
- s) Staff on the ground have told a member that it takes an unreasonable length of time to refer vulnerable people to the Service for Fire/Home safety checks, even though there is a good working relationship with partners.

Resolved to note the report.

19 Mobilisation System Update

Mick Sharman, Assistant Chief Fire Officer for Strategic Collaboration for Nottinghamshire and Derbyshire Fire and Rescue Services, presented the report which provides an update on the progress to replace the current tri-service call handling and mobilisation system.

The following points were highlighted and responses provided to member's questions;

- a) All Fire Services have a statutory duty to ensure they are operating an appropriate 999 call handling and response system;
- b) The current system requires replacement and is contracted to Systel, the provider, until October 2024, by which time a replacement system must be procured and implemented or an extension agreed;
- c) Within the last few months, Leicestershire Fire and Rescue has given notice that it is withdrawing from the current tri-service arrangement when the contract concludes and will be working independently of Derbyshire and Nottinghamshire Services to procure its own new mobilising system;

- d) With just 2 partners taking part in the procurement, the risks are greater to each party, and so too the cost is predicted to be higher, particularly as existing suppliers are currently quoting prices which are significantly higher than allocated budgets. This is a serious risk;
- e) A dedicated working group is disaggregating the current tri-service agreement, amending business continuity management arrangements, call fail-over processes and call management practices in busy periods, such as spate, and working to protect the interests of Derbyshire and Nottinghamshire Services;
- f) With 2 rather than 3 partners, the required system is less complicated, particularly as operation will be from only one control room;
- g) Procurement of a new system with additional features including mobile data terminals, which are crucial for communication and mapping safety, and improved security connectivity is being undertaken in lots;
- h) Tenders were published in May 2023 and it is anticipated that the successful suppliers being announced in September/October 2023, but with high demand and few suppliers, alongside the withdrawal of Leicestershire, the end costs are uncertain, although £2 million has been budgeted as an earmarked reserve by Nottinghamshire, it is now anticipated that the final cost will be in excess of this estimated figure;
- i) There is potential to enter into new partnership agreements with other Fire and Rescue Services, but none have been identified as of yet;
- j) The Joint Control Centre receives 47,000 calls per year and supports incidents, not just in dispatching assistance, but is a vital resource for the Service to respond effectively;
- k) The level of funding required will depend on the type of system. Some systems will be self-hosted and so require capital outlay, whilst some of the Cloud-based systems will be revenue based;
- l) Legal advice is ongoing regarding the procurement, liabilities and contingency planning if it is not possible to secure a new system prior to the 2024 contract end with Systel, including the potential to further extend the existing provision temporarily;
- m) Under current tri-service arrangements, cross-border communications and response are seamless. Following the contract end in October 2024, Fire and Rescue Services will continue to co-respond, but there may be additional considerations to the co-ordinated response agreement;

There are no significant liabilities for which Leicestershire are likely to be responsible for once the tri-service contract with Systel is closed.

Members commented:

- n) the importance of an effective system is appreciated so the details of any alternative contingency arrangements (should securing a system by before 2024 not be possible), should be shared with members;

- o) A UK supplier would be welcomed but it is appreciated that even companies based in the UK are international suppliers;
- p) It is a very real concern that the costings will not be known until the tenders are submitted.

Resolved to note the report.

20 Committee Outcomes

Resolved to note the minutes of the following meetings, provided for information:

Community Safety Committee 24 March 2023; 09 June 2023

Human Resources Committee 31 March 2023; 16 June 2023

Finance and Resources Committee 21 April 2023; 23 June 2023

Policy and Strategy Committee 28 April 2023



Nottinghamshire & City of Nottingham Fire & Rescue Authority

MINUTES of the meeting held at Joint Fire / Police HQ, Sherwood Lodge, Arnold, Nottingham, NG5 8PP on 22 September 2023 from 10.30 am - 12.44 pm

Membership

Present

Councillor Michael Payne (Chair)
Councillor Patience Uloma Ifediora (Vice Chair)
Councillor Liaqat Ali
Councillor Callum Bailey
Councillor Richard Butler
Councillor John Clarke MBE
Councillor Robert Corden
Councillor Sybil Fielding
Councillor Anwar Khan
Councillor Gul Nawaz Khan
Councillor John Lee
Councillor Devontay Okure
Councillor Nick Raine
Councillor Nigel Turner
Councillor Roger Upton
Councillor Jonathan Wheeler
Councillor Jason Zadrozny

Absent

Councillor Tom Hollis

Police and Crime Commissioner Caroline Henry

Colleagues, partners and others in attendance:

Craig Parkin - Chief Fire Officer
Candida Brudenell – Assistant Chief Fire Officer
Damien West - Assistant Chief Fire Officer
Mick Sharman - Assistant Chief Fire Officer (Strategic Collaboration for Nottinghamshire and Derbyshire Fire and Rescue Services)
Becky Smeathers - Head of Finance and Treasurer to the Authority
Malcolm Townroe - Clerk and Monitoring Officer to the Authority
Catherine Ziane-Pryor - Governance Officer

21 Apologies for Absence

Tom Hollis (personal)

22 Declarations of Interest

None.

23 Minutes

Available at the next meeting.

24 Chair's Announcements

Seargant Graham Saville – Members will have followed closely the recent news and tragic loss of Seargant Graham Saville, a loss felt across the whole emergency services family. Our continued sympathies are with his family and colleagues at this time. It is a sobering reminder of the dedication blue light services have to communities.

Alex Norris MP – recent announcements to the shadow cabinet saw Nottingham MP, Alex Norris appointed to the role of Shadow Minister for Policing. This clearly provides an opportunity for the Fire Authority to lobby and influence for the interests of the Fire and Rescue Service. A letter will be sent to Alex Norris to arrange a meeting to discuss the challenges faced.

Chair and Chief Officer meeting – Along with the Chief Fire Officer (CFO), the Chair met with our counterparts from Derbyshire as part of a long standing arrangement to build relationships. This forms part of the Futures 25 programme recommendations approved by Members in 2022. From that meeting it was agreed that a joint Member event would be arranged and that the CFO's should develop a vision of closer working for discussion.

His Majesty's Inspector, Lee Freeman – Due to recent changes, the Chair and CFO recently met the Service's new HMI Inspector, Lee Freeman, who also had opportunity to meet with representatives of staff networks and trade unions. The discussions were positive and meaningful in creating a good first impression, particularly as the Service heads towards its next inspection in early 2024.

Asian Fire Service Association (AFSA) conference 2024 – Following discussions with the CFO, AFSA have invited Nottinghamshire to host the 2024 summer conference and the CFO has accepted. This is likely to be in early July and further updates will be provided as arrangements develop. This is a great opportunity to Showcase the Service, share learning from across the whole sector and support the journey of improvement.

CFA Report template – At the latest Group Leader meeting, a revised report template was agreed, a copy of which will be circulated to Members. Changes include the moving of Crime and Disorder Implications into the Legal Implications section, addition of Environmental and Sustainability Implications, and expanding the Equalities section to include an Ethical aspect. It is aimed to better reflect the 6 strategic goals within the Authority's Community Risk Management Plan (CRMP).

Becky Smeathers, Head of Finance and Treasurer to the Authority

This meeting is Becky Smeathers' last Fire Authority meeting as she will be leaving the Service soon. Heartfelt thanks go to Becky for her service and support as Head of Finance and Treasurer to the Authority. The past few years have been incredibly challenging, but Becky has provided first class support throughout and been brilliant at ensuring that finance reports are clear and understandable. We wish Becky good luck in her future role.

This sentiment and thanks were echoed by Councillor John Clarke, Chair of the Finance and Resources Committee, Councillor Sybil Fielding as a Pensions Board member, and Councillor Jonathan Wheeler as Lead Officer for the Opposition, who added that Becky would be missed both professionally and personally. Other members of the Authority also expressed their appreciation of Becky's dedication and professionalism.

Becky responded that working for the Service had been a real pleasure and the move was for personal reasons rather than professional.

25 Statement of Pay Policy

Craig Parkin, Chief Fire Officer, presented the report which seeks the Authority's approval of the Statement of Pay Policy, as is required by the Localism Act 2011.

The following points were highlighted:

- a) Several pay levels and policies are set at national level, independent of the Authority's powers;
- b) The main changes from the previous policy are outlined in paragraph 2.12 of the report, and include reference to the gender pay gap, national pay awards, and annual rate;
- c) It is noted that compensation for 2 compulsory redundancies was paid during 2022/23;
- d) There were 2 instances of early payment of pension due to the compulsory redundancies,
- e) The Authority funded 2 exit payments with a combined total of £155,000, which includes £76,000 pension strain payments;
- f) There were no settlement payments made in 2022/23;
- g) The next round of pay talks has commenced;
- h) Chief Fire Officer pay is benchmarked against that of all other Fire Services rates every 2 years.

Resolved to approve the Statement of Pay Policy as attached to the report.

26 Update on the 'Areas For Improvement' From The 2021 HMICFRS Inspection

Candida Brudenell, Assistant Chief Fire Officer, presented the report which updates the Authority on progress to address the 'Areas for Improvement' (AFI), as identified by His Majesty's Inspectorate for Constabulary and Fire and Rescue Services (HMICFRS).

The following points were highlighted, and members' questions responded to:

- a) As a result of the round one inspection, 24 AFIs were identified. The latest round two inspection resulted in 4 AFIs which are being, or have been, addressed as follows, with in-depth scrutiny of each AFI delegated to relevant focus committees:

- AFI 1 – the Service should make sure it effectively monitors, reviews and evaluates the benefits and outcomes of any collaboration activity;
 - AFI 2 – the Service should assure itself that its risk-based inspection programme prioritises the highest risks, and includes proportionate activity to reduce risk;
 - AFI 3 – the Service should assure itself that staff understand how to access well-being support;
 - AFI 4 – the Service should ensure that, when responding to a 999 call, mobile data terminals (MDTs) are reliable to allow staff to access to risk information;
- b) To ensure there is consistency, Nottingham Trent University is supporting the Service with evaluations of AFIs 1 and 2. No further external evaluation is taking place, but the internal evaluation approach and framework is constantly under review to ensure it is appropriate and the evaluation process examined by HMICF&R;
- c) With regard to AFI 3, staff well-being and support, this was already in place without an overarching strategy, which has now been addressed and at the last inspection HMI commented that there is good provision in place, but some staff were unaware of what was available. As a result communication routes have been revised and further varied to include a multi-pronged approach, including in-person staff and station briefings, in addition to actively trying to identify areas of staff concern and potential need.

Resolved to note the progress to address the improvements required and continue to support the approach of the Chief Fire Officer for addressing the ‘areas for improvement’.

27 Implementation of Resourcing to Risk

Damien West, Assistant Chief Fire Officer, presented the report, updating the Authority on progress since the approval by the Authority at the July meeting to return Ashfield Fire Station to 24 hour crewing.

The following points were highlighted and members’ questions responded to:

- a) As directed by the Authority, officers have considered how best to resource the Service to enable 24 hour crewing at Ashfield to be reinstated by the end of November 2023;
- b) The Authority had previously delegated authority to the Chief Fire Officer to make amendments to staffing numbers and structures within the agreed budgets to enable a faster response to resourcing issues. This delegation has been utilised following engagement with staff and representative bodies, with the aim to minimise overall impact;
- c) A project approach was taken which took into consideration the risks, including ridership levels and evaluation criteria. It is proposed that additional training will be provided, with on-going monitoring and a further update report to the next meeting;
- d) It is proposed that in 2024, a recruitment process will engage up to 40 Firefighters, some of which will support ridership levels and facilitate the broader commitments of the Community Risk Management Plan;

- e) As previously reported, an increased occurrence of a reduced crew ridership of 4 per appliance is anticipated and will be supported by additional training;
- f) In summary, progress is good and on track to complete on target;
- g) Risk implications are outlined in the report.

Members' comments included:

- h) The ongoing positive action with regard to recruitment activity to attract applications from diverse communities is welcomed;
- i) Progress to date is welcomed and it is requested that the Community Safety Committee also receive updates every 6 months and the Authority, an update 12 months after implementation;
- j) The Service and members of the Authority are thanked by the elected members and communities of the Ashfield area, for following the evidence and responding to the identified increase in risk to local communities. Thanks are also given to staff who are making the proposed changes.

Resolved to note and endorse the report.

28 Changes to Establishment Annual Report

Craig Parkin, Chief Fire Officer, presented the report which provides an update on the action delegated to him by the Authority for the Chief Fire Officer to permanently amend the establishment within the pay budget, in consultation with the Chair. It is noted that other elected members have also been consulted. This delegation has enabled increased flexibility to regrade, delete and restructure the establishment with an appropriately timely response to specific need within the Service.

The details of the changes to date are set out in the report with the establishment now more appropriately aligned to the Service's commitment of the Community Risk Management Plan.

Resolved to note the Report.

29 Annual Report of Information Governance 2022/23

Candida Brudenell, Assistant Chief Fire Officer, presented the Annual Information Governance report which sets out the numbers and monthly patterns of Freedom of Information (FoI) requests, Environmental Information requests, and Data Protection performance in the past year, compared to previous years', alongside the subject of the request and the response time.

Questions from members were responded to as follows:

- a) There was an increase in FOIs during the period of consultation on Futures25 proposals, in addition to the issues raised nationally following the damning London Fire Service cultural report;

- b) The source of requests varies from local and national media, political enquiries, local and national trades unions, and citizens, with the 'other' 37 not fitting easily into any of the main criteria. Further, more detailed information can be made available to members;
- c) Response performance dropped slightly this past year, but has since recovered now that a vacant post has been filled;
- d) Financial implications of the report are stated as zero, but there is a resource cost implication in responding to enquiries;
- e) There isn't a specific policy in place to deal with persistent vexatious requestors seeking to cause unnecessary work, but to date this has not been an issue for this Service. However, some requests are refused in their entirety, mainly relating to information which is already accessible in the public domain, particularly since the website has significantly improved. Requests for personal and exempt information are also rejected.

Resolved to note the report.

30 Exclusion of the Public

Resolved to exclude the public from the meeting during consideration of the following item in accordance with Section 100A of the Local Government Act 1972 (under Schedule 12A, Part 1, Paragraphs 3) on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

31 Replacement Mobilisation System Contract Award

Mick Sharman, Assistant Chief Fire Officer (Strategic Collaboration for Nottinghamshire and Derbyshire Fire and Rescue Services), presented the report which informs members of the robust evaluation and procurement process, in partnership with Derbyshire Fire and Rescue Service, for a RMS, and requests consideration of awarding the RMS contract.

Resolved to approve the recommendations as set out in the report.



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

MEDIUM TERM FINANCIAL STRATEGY 2024/25 TO 2027/28 AND BUDGET GUIDELINES 2024/25

Joint Report of the Chief Fire Officer and the
Treasurer to the Fire Authority

Date: 15 December 2023

Purpose of Report:

To present an update to the Medium-Term Financial Strategy to the Fire Authority for approval.

To inform Members of the likely budget position for 2024/25 and to request that the Fire Authority set general guidelines within which the Finance and Resources Committee will develop a detailed budget proposal for 2024/25.

Recommendations:

It is recommended that Members:

- Approve the Medium-Term Financial Strategy (MTFS) as set out in Appendix A.
- Approve the Capital Strategy and Flexible Use of Capital Receipts Strategy contained within the MTFS.
- Approve the Reserves Strategy contained within the MTFS.
- Approve the proposed minimum level of general fund reserves of £4.1m as set out in the Reserves Strategy.

- Approve the re-allocation of Earmarked Reserve as detailed in the Reserves strategy and set out in the table below:

Re-allocation of Earmarked Reserve

Current Reserve	Balance 01-Apr-23 £'000	Required 2023/24 £'000	Required 2024/25 to 2026/27 £'000	To be Reallocated £'000
Tri Service Control / Mobilising System	350	0	0	(350)
Fire Cover Review	10	0	0	(10)
Remedial Fire Risk Assessment	30	0	0	(30)
Headquarters Move	49	0	0	(49)
Covid-19 2019/20 unused grant	15	0	0	(15)
Joint HQ Comms officer	1	0	0	(1)
Transformation and Collaboration	30	0	0	(30)
Total	485	0	0	(485)
Replacement Mobilising System				475
Efficiency Programme				10
Total				0

- Task the Finance and Resources Committee with providing guidance to the Fire Authority in February in respect of:
- The options for Council Tax limited to either a Council Tax Increase of 2.95% or an increase of £5 if permitted
- The options for addressing any budget deficit to enable the Fire Authority to approve a balanced budget, as required by law.

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1. BACKGROUND

- 1.1 The Fire Authority has a number of strategies in place to support the proper financial management and governance of the Authority.
- 1.2 The Medium-Term Financial Strategy (MTFS) provides an overarching view of the way in which the Authority's finances will be managed and it brings together various related financial strategies in one cohesive document. It demonstrates how the Authority's resources are used to support the Authority's Community Risk Management Plan (CRMP) and other key strategies and plans.
- 1.3 The updated MTFS builds on the strategy approved by the Fire Authority in December 2022 and covers the four-year period from 2024/25 through to 2027/28.
- 1.4 This MTFS has been written against a backdrop of financial and economic uncertainty. November's Autumn Statement provided headline figures for public expenditure but draft settlement figures for individual authorities will not be known until late December. Inflation reached 6.71% in November and is forecasted to be in the region of 3.1% in 2024/25, which is still above the 2% Bank of England target. This creates additional pressure on the budget. Firefighter pay negotiations for 2024/25 are yet to commence, but for the purpose of budget planning assumptions a pay award of 5% has been included. For this reason, the Strategy considers several funding scenarios.
- 1.5 In addition to funding, there are many other areas of uncertainty inherent in budget planning and the budget requirement figures contained within this report will be estimates. Nevertheless, the Authority must consider its budgetary position going forward and provide the Finance and Resources Committee with guidance as to the parameters within which to develop a budget proposal for 2024/25 and beyond, before final budget proposals are considered by the Fire Authority in February 2024.
- 1.6 The Reserves Strategy, Capital Strategy and 10-year Capital Plan form part of the MTFS.

2. REPORT

ISSUES IMPACTING ON THE BUDGET

- 2.1 The MTFS is attached in full to this covering report. It considers the current financial position of the Authority and looks at the estimated budgetary position over the next four years against a backdrop of both the national and local financial position, including the levels of reserves that the Authority holds.

- 2.2 In February 2023, the Authority set a balanced budget for 2023/24, although this was only achieved after making £404k contribution from the Budget Pressures Support Earmarked Reserve. The report predicted shortfalls in 2024/25 and 2025/26 of £1.1m and £1.8m respectively.
- 2.3 Whilst there remain areas of uncertainty, budgets have been updated to reflect revised assumptions and other known changes, which include:
- 2024/25 and 2025/26 pay awards
 - Inflation – particularly fuel, gas and electricity
 - CRMP development
 - Business Rates revised projections
 - Changes in Council Tax precept levels
 - Reductions in MRP due to planned delays in capital programme

FUTURES 25 EFFICIENCY STRATEGY

- 2.4 The service identified £1.1m savings that were either reinvested in CRMP projects or helped towards reducing the deficit. This is well in excess of the 2% target set by the Home Office, although it is noted that these savings include pay related savings some of which are one-off in nature
- 2.5 Since the 2023/24 budget was approved there have been significant additional financial pressures on the Service (see Section 2 of the MTFS). Revised inflation and pay award assumptions during the autumn have increased the amount of savings required from the efficiency strategy.
- 2.6 The Futures 25 efficiency strategy was initially presented to Policy and Strategy Committee in May 2022 with a further report to the Fire Authority in July 2023. In its initial phase the Workforce Review identified £144k of savings through the disestablishment of support staff posts across several departments, made possible by the consolidation of primary management grade posts.
- 2.7 The Workforce Review has identified that a wider change and improvement programme is required. This will include structural redesign and business process improvement to maximise the efficiency and effectiveness of the Service. This is a significant piece of work and is expected to be completed during 2024/25.
- 2.8 The Flexi Officer Review set out to review the Flexi Officer Collective Agreement to ensure that the command group structures were efficient and provided the levels of resilience of specialist functions required to mitigate operational risk. On commencing the review it became clear that competing priorities including fire cover review and industrial action preparation, meant that there was insufficient capacity to deliver the review. This workstream has therefore been paused and will be restarted at a future date.

- 2.9 Futures 25 aims to co-ordinate a number of improvement workstreams designed to support the Service to become outstanding by 2032. This includes continuing to drive productivity and efficiency throughout the Service.
- 2.10 As the scoping of the Futures 25 programme has developed, it has become clear that the delivery of national priorities relating to culture, values, EDI and leadership in the fire and rescue service, are an integral part of the improvement journey. For this reason these workstreams have been brought within the scope of Futures 25 to ensure delivery of the People Strategy relating to these areas is prioritised and resourced appropriately.
- 2.11 The Service had already identified the requirement to deliver efficiencies to ensure that the Authority was in a position to set a balanced budget for 2024/25, together with ensuring the longer-term sustainability of the Service through more efficient and effective systems, processes and ways of working. The Futures 25 improvement programme remains the vehicle through which these efficiency and productivity improvements will be delivered.

COUNCIL TAX

- 2.12 It was announced in the Autumn Statement that the government is giving local authorities in England the same core council tax referendum principles as in 2023-24". The core Band D threshold will be 2.99%, and the adult social care precept a further 2%. The £5 minimum increase was not confirmed to continue to apply to district councils and fire authorities. These will be included in the provisional local government finance settlement which will be released for consultation in late December.
- 2.13 A 1.95% additional increase in Council Tax will create additional funding in the region of £991k.
- 2.14 Council Tax for the Fire Authority is currently £89.57 at Band D. A 2.95% increase would raise it by £2.64 to £92.21 per year which equates to £1.77 per week. A £5 increase would raise it to £94.57 - £1.81 per week.

Table 1 – Council Tax Options Analysis

	Amount £	Increase £	Additional Income £'000
Current Band D Council Tax	£89.57		
1.95% increase	£91.15	1.75	991
2.95% increase	£92.21	2.64	1,290
£5 increase	£94.57	5.00	2,085

RESERVES STRATEGY

- 2.15 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 deliverable. In accordance with good

accounting and financial practice, reserves and provisions will always be held in the accounts where appropriate. In simple terms, the difference between a reserve and a provision is that a provision is made for a known liability arising from a legal obligation whereas a reserve is created for a discretionary purpose. The Authority's Reserves Strategy is attached at Appendix 4 of the MTFS.

- 2.16 Total estimated Reserve levels as at 31 March 2024 are £9.4m, consisting of £5m General Reserve and £4.4m Earmarked Reserves.
- 2.17 The Authority reviews the levels of reserves it requires as part of the Reserves Strategy. A General Fund reserve minimum level of £4.1m has been proposed for 2024/25, which is a reduction of £400k from 2023/24, although several adjustments have been made to reflect changes in risk. The three highest areas of identified risk are detailed below (see section 2.12 of the Reserves Strategy for more information):
- Pay award above the rate included in the budget
 - Inability to set a balanced budget due to the economic climate. Risk of significant overspend against budgets due to price increases, undeliverable savings, supply chain issues, fixed price external contracts failing to deliver and potential requirement for market supplement to recruit staff.
 - Pension related issues (due to McCloud, the 2020 revaluation and the Matthews/O'Brien case).
- 2.18 A review of the Earmarked Reserves has been undertaken in the Reserves Strategy. This has identified £485k of available reserves either are no longer required or have not yet been allocated to projects. It is proposed that these are reallocated to the following existing earmarked reserves:

	Amount £'000
Replacement Mobilising System	475
Efficiency Programme	10
Total	485

- 2.19 Any unplanned expenditure or overspends will need to be met from the General Reserve or existing Earmarked Reserves.

OUTLOOK FOR 2024/25, 2025/26 AND BEYOND

- 2.20 Whilst detailed expenditure budgets are still being developed, any additional costs that are already known have been included in the budget requirement.
- 2.21 Given the uncertainty discussed in this strategy, three scenarios have been considered – a worst case, a likely case and a best case scenario. These can be found in section 6 of the MTFS. A summary of these scenarios can be found in the table below.

Table 2 – Worst / Most Likely / Best Case Scenarios

Scenario	Deficit / (Surplus) Position 2024/25 £'000	Comments / Assumptions
Worst Case	1,395	<ul style="list-style-type: none">• 5% pay award for 2024/25• 6.7% increase in Revenue Support Grant• Services Grant remains, reduced to £366k• Council Tax Collection increases by 1.35%• 2.95% increase in Council Tax approved
Most Likely Case	601	<ul style="list-style-type: none">• 5% pay award for 2024/25• 6.7% increase in Revenue Support Grant• Services Grant remains, reduced to £366k• Council Tax Collection increases by 1.35%• £5 increase in Council Tax approved
Best Case	367	<ul style="list-style-type: none">• 4% pay award for 2024/25• 6.7% increase in Revenue Support Grant• Services Grant remains, reduced to £366k• Council Tax Collection increases by 1.35%• £5 increase in Council Tax approved

The scenarios show the position considering different levels of council tax precept between 2.95% and £5 and pay awards. The most likely scenario indicates a deficit of £1.758m by 2025/26.

SUMMARY

- 2.22 This MTFS has been written against a backdrop of financial and economic uncertainty. Whilst indications are that the fire sector will receive some funding increases, this will not be known with any certainty until the Funding Settlement figures are released in December and collection fund details for business rates and council tax are known at the end of January 24.
- 2.23 The most likely scenario assumes a £5.00 increase in council tax, and after considering the economic situation and expected costs it shows a 2024/25 deficit position of £601k. Future year deficits remain slightly above this level.
- 2.24 It is therefore likely that the Service will need to identify savings in the region of £2m moving forward. These savings will be achieved through the delivery of the Futures 25 Efficiency Strategy. It may be necessary to use an element of reserves during 2024/25 to allow the Service time to implement the savings identified as part of the strategy. The Service currently holds £1.126m in a Budget Pressures Support Earmarked Reserve for this purpose, and the Reserves Strategy identified no further resources to re-allocate to this reserve.
- 2.25 In the worst case scenario estimates show that in 2024/25 a deficit of £1.395m could be likely, even assuming a 2.95% council tax increase. If

there were to be no increase in council tax levels the 2024/25 deficit would rise to £2.685m. If this were to be the case then significant savings would be required, and the more difficult options identified in the Futures 25 Efficiency Strategy would need to be considered.

- 2.26 It is probable that the maximum limit for the amount by which council tax can be increased before invoking a referendum will be £5. The Fire sector has requested the flexibility to increase council tax by £5 in order to fund investment to help it deal with the pressures outlined in section 3, and also to invest in future services. This is considered a possible option as part of the final settlement from central government.
- 2.27 The Reserves Strategy sets out plans for re-allocating £485k of Earmarked Reserves, some of which will be transferred into the Replacement Mobilising project and the Efficiency Programme. This will be used to help the Service transition into a balanced budget position by 2025/26.
- 2.28 Whilst there remain clear challenges ahead, the Authority starts this journey in a relatively positive position whereby it has sufficient reserves to underpin the changes required in the coming years. With careful budgetary planning and resource maximisation it is anticipated that the Authority will be able to forge a future path that will enable it to meet priorities and balance the budget.
- 2.29 At its meeting on 23 February 2024 the Fire Authority will consider the budget report with the objective of setting council tax levels for 2024/25.
- 2.30 In conclusion this MTFS financial plan based on the most likely option indicates that even counting for a council tax increase of £5.00 as well as continued budget challenges, which delivers £200k in savings, there remains a structural in balance within the financial forecast. In 2024/25 there is £601k deficit that can be balanced from reserves. **However, as the deficit continues into the end of the medium term plan, it is imperative that members consider efficiency proposals in the next annual budget to address this deficit.**

PROPOSED GUIDELINES

- 2.31 The meeting of the Finance and Resources Committee in January 2024 will be presented with the latest budgetary position. Although funding levels, council tax base and business rate estimations will not have been finalised by this point, the provisional settlement will have been released and the Authority should have more detailed expenditure estimates. Therefore, the Committee will have some information about the overall three-year budget plan to provide guidance to the Fire Authority meeting in February.
- 2.32 The Authority's total funding for the revenue budget comprises the external funding elements, as well as the council tax precept. Whilst the amount of external funding cannot be directly influenced by the Fire Authority, the amount of the council tax precept will be set by the Fire Authority in February.

It would seem appropriate therefore for the Finance and Resources Committee to focus on two areas:

- a. The options for council tax to be recommended to the Fire Authority in February.
- b. The options for eliminating any budget deficit to enable the Fire Authority to approve a balanced budget, as required by law.

2.33 The Authority has a few options for council tax:

- a. Reduce council tax.
- b. Maintain council tax at current levels.
- c. Increase council tax by 2.95%
- d. Increase council tax by £5 if permitted
- e. Increase council tax by an amount higher than the referendum limit.

2.34 The option to reduce council tax would present the Authority with an increased budgetary deficit to manage, as would the option to increase council tax by an amount higher than the referendum limit. For the latter option this is because a referendum would be triggered which would result in significantly increased costs to the Authority. In the current financial environment, the options in Paragraph 2.32 c) and d) are considered to be the most appropriate parameters within which the Finance and Resources Committee should work.

2.35 If a budgetary position which shows a funding deficit is presented to the Finance and Resources Committee, then this will require consideration of suitable options to eliminate this deficit. The options would depend upon the size of any deficit but may include:

- Tasking the Chief Fire Officer with proposing further savings for consideration by the Fire Authority.
- Planning the use of general reserves to support the budget whilst further budgetary savings are planned and implemented.

3. FINANCIAL IMPLICATIONS

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

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

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

5. EQUALITIES AND ETHICAL IMPLICATIONS

An equality impact assessment has not been undertaken because there are no equality implications.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

There are no environmental and sustainability implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

The primary corporate risk is that sufficient financial resources are not available to the Authority. An early guide for the Finance and Resources Committee in terms of the development of the budget will help to manage this risk.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Approve the MTFS as set out in Appendix A.
- 10.2 Approve the Capital Strategy and Flexible Use of Capital Receipts Strategy contained within the MTFS.
- 10.3 Approve the Reserves Strategy contained within the MTFS.
- 10.4 Approve the proposed minimum level of general fund reserves of £4.1m as set out in the Reserves Strategy.

10.5 Approve the re-allocation of Earmarked Reserve as detailed in the Reserves strategy and set out in the table below:

Re-allocation of Earmarked Reserve

Current Reserve	Balance 01-Apr-23 £'000	Required 2023/24 £'000	Required 2024/25 to 2026/27 £'000	To be Reallocated £'000
Tri Service Control / Mobilising System	350	0	0	(350)
Fire Cover Review	10	0	0	(10)
Remedial Fire Risk Assessment	30	0	0	(30)
Headquarters Move	49	0	0	(49)
Covid-19 2019/20 unused grant	15	0	0	(15)
Joint HQ Comms officer	1	0	0	(1)
Transformation and Collaboration	30	0	0	(30)
Total	485	0	0	(485)
Replacement Mobilising System				475
Efficiency Programme				10
Total				0

10.6 Task the Finance and Resources Committee with providing guidance to the Fire Authority in February in respect of:

- The options for council tax limited to either a council tax freeze or an increase in Council Tax within the referendum limit.
- The options for addressing any budget deficit to enable the Fire Authority to approve a balanced budget, as required by law.

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

None.

Mark Kimberley
TREASURER TO THE FIRE AUTHORITY

Craig Parkin
CHIEF FIRE OFFICER



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Medium Term Financial Strategy

2024/25 to 2027/28



MEDIUM TERM FINANCIAL STRATEGY

2024/25 to 2027/28

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Other References	<ul style="list-style-type: none"> • Community Risk Management Plan • Treasury Management Strategy • Futures 25 Efficiency Strategy • Estates Strategy • Fleet Strategy • ICT Strategy • Community Safety Strategy • Workforce Plan

SECTION 1: PURPOSE AND OBJECTIVES OF THE STRATEGY

PURPOSE OF THE STRATEGY

- 1.1 The purpose of the Authority's financial strategy is to provide clear and understandable information on actions which are needed to ensure the long-term financial sustainability of the Authority. It supports affordable, sustainable service delivery throughout the planned use of revenue budgets, capital budgets and reserves.
- 1.2 A Medium-Term Financial Strategy (MTFS) sets out how finances are to be managed in such a way as to manage levels of council tax and reserves. In simple terms, it will set out how a stable and robust financial platform can be created such that developments and improvements in services set out in the Community Risk Management Plan (CRMP) can both be achieved and sustained over time.
- 1.3 The Strategy should reflect the priorities outlined in the CRMP and link together with all other strategies of the organisation such as the Capital Strategy, Treasury Management Strategy and Reserves Strategy.
- 1.4 The objectives of the Authority's financial strategy are as follows:
 - a) To provide a stable financial foundation to assist in decision making.
 - b) To be fully cognisant of other supporting plans and strategies such as the CRMP, Workforce Plan, equalities objectives and ICT strategies to provide a cohesive framework.
 - c) To enable the Authority to be proactive rather than reactive in terms of financing.
 - d) To support the continuance of the Authority's core service strategies.
 - e) To support sustainable service delivery using revenue budgets and reserves.
 - f) To seek to minimise the impacts on the council tax payer of fluctuations in demand for resources.
 - g) To hold a working balance of cash and reserves sufficient to respond to unexpected events and/or opportunities.
 - h) To be flexible and responsive to changes in needs and legislation.
 - i) To take account of the wider economic climate and local influences.
 - j) To ensure that the capital base of the Authority can be maintained within affordable and sustainable limits.
 - k) To provide forward looking indications of council tax levels.
- 1.5 A number of principles have been developed to underpin these objectives:

- a) Resources will be prioritised to meet the core aims of the Service as set out in the CRMP and other strategies which flow from the CRMP.
- b) Priorities will be reviewed in the light of available resources and financial performance.
- c) Priorities will be influenced by the Corporate Risk Register.
- d) Capital will be financed using the most advantageous method prevailing at the time finance is required, within the requirements of the Prudential Code. A full options appraisal will be carried out before financing decisions are taken.
- e) Investment decisions will be based on a balance of risk and return, remain biased towards low risk activity and follow the CIPFA principles of security, liquidity, and yield in that order.
- f) Council tax rates will be transparent and sustainable. This means that budgets will not be lowered and supported by reserves unless this is part of a long-term sustainable strategy and approved by Members.
- g) Charging for services will remain sensitive to the needs of communities and their expectations of the Service.
- h) Sponsorship funding will not be sought to underpin front line or core service delivery unless a long-term plan for sustainability has been developed.
- i) The Authority will continue to direct resources to the areas of greatest need within communities and seek to address the wider safety agenda. This will be influenced by the latest Fire Cover Review.
- j) The Authority will actively seek to collaborate with partner organisations in both setting and delivering priorities, as set out in the Collaboration Strategy.
- k) The Authority will apply any year end surpluses / deficits to general fund reserves once any allocations to earmarked reserves have been made.
- l) Longer term financial planning will take account of the possible use of reserves to minimise the effect of reductions in funding as a means of transition, but not of permanent support.

FINANCIAL MANAGEMENT

- 1.6 The process for the preparation of the revenue budget is strongly linked to the priorities outlined in the CRMP.
- 1.7 Budget managers are fully involved in developing revenue and capital budgets to ensure that annual budgets accurately reflect demand levels and cost pressures. Inflation is built in where necessary and not applied at a flat rate across the board.
- 1.8 Salary budgets reflect staffing levels outlined in the workforce plan and pay inflation is estimated at the time of setting the budget.

- 1.9 The Finance and Resources Committee has full involvement in the process and the Chair of the Finance and Resources Committee plays an active part in understanding the underlying detail within the budgets. The Finance and Resources Committee makes budget and precept level recommendations to the Authority.
- 1.10 The external auditors of the Authority have consistently issued unqualified audit reports and positive management letters to the Authority in respect of their audit of accounts and their conclusion on the effective arrangements in place to achieve value for money. However, it should be noted that, at the time of writing this MTFS, the audit of the 2021/22 has not yet been concluded and the audit of the 2022/23 Statement of Accounts has yet to be started due to a lack of resources available to the external auditors.
- 1.11 The Internal Annual Audit Report for 2022/23 provided a view on the internal control environment and concluded that:
- “Based on the coverage and detailed outcomes, overall, we consider the collective evidence provides substantial assurance concerning the arrangements in place for corporate governance, risk management and the control environment.”*
- 1.12 The Service received a rating of Good in its 2022 inspection by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) in all three areas of Effectiveness, Efficiency and People. The Service is due to receive its next inspection in early 2024.
- 1.13 The prevailing economic climate has caused increased financial pressures to be placed upon all public sector bodies and the fire service is no exception. The overall funding position remains uncertain over the next three years.
- 1.14 The challenge to the organisation is not how to survive in this period of uncertainty but how to continue to both provide and develop high quality services for the communities it serves. Finance is a clear enabler in this context and sound financial management is essential to ensure that maximum value can be achieved with the resources available.
- 1.15 The organisation will continue to manage its financial resources to the highest professional standards and back this up with a strong governance framework which will include scrutiny by the Finance and Resources Committee (both generally and as an Audit Committee) and regular reporting to elected members and the Strategic Leadership Team. In addition, an independent internal audit function is maintained to give additional assurances to both elected members and senior officers. The Service follows the Financial Management Code published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.16 The post of Head of Finance and Treasurer is responsible for developing and maintaining the MTFS and this post reports directly to the Chief Fire Officer.

SECTION 2: ECONOMIC CONTEXT OF THE STRATEGY

- 2.1 The current economic climate remains uncertain with many external influences. Local Government is expected to receive a one-year funding settlement for 2024/25. With a general election due to be held in 2024, there remains significant uncertainty around Local Government funding beyond 2024/25.
- 2.2 In October 2023, CPI (Consumer Price Index) inflation decreased to 4.6% from 6.7% the previous month. The Bank of England inflation forecast expects inflation to fall to around 3.1% by the end of 2023 and to carry on falling to reach the target of 2% by mid-2025.
- 2.3 Bank rate has increased from 0.75% in April 2022 to 5.25% in September 2023, its highest level since February 2008. Interest rates are expected to peak at either the current rate or possibly at 5.5% by the end of 2023. The increase in base rates has a significant impact on the Authority's ability to borrow to fund the Capital Programme.
- 2.4 The three-month Gross Domestic Product (GDP) figure to the end of August 2023 showed an increase of 0.3%. GDP is expected to remain around this level for the rest of 2023 and into 2024.

SECTION 3: ISSUES IMPACTING ON THE BUDGET

Community Risk Management Plan (CRMP)

- 3.1 The 2022-2025 CRMP was approved by the Authority on 25 February 2022. The delivery of the CRMP is linked closely to the MTFS to ensure that resources are matched to key workstreams. The annual delivery plan, which sits behind the CRMP identifies priority areas where investment is needed.

Futures 25 Efficiency Strategy

- 3.2 The Service identified £1.1m savings that were either reinvested in CRMP projects or helped towards reducing the deficit. This is well in excess of the 2% target set by the Home Office, although it is noted that these savings include pay related savings some of which are one-off in nature.
- 3.3 Since the 2023/24 budget was approved, there have been significant additional financial pressures on the Service (see Section 2 of the MTFS). Revised inflation and pay award assumptions during the autumn have increased the amount of savings required from the efficiency strategy.
- 3.4 The Futures 25 efficiency strategy was initially presented to Policy and Strategy Committee in May 2022 with a further report to the Authority in July 2023. In its initial phase, the Workforce Review identified £144k of savings through the disestablishment of support staff posts across several departments, made possible by the consolidation of primary management grade posts.

- 3.5 The Workforce Review has identified that a wider change and improvement programme is required. This will include structural redesign and business process improvement to maximise the efficiency and effectiveness of the Service. This is a significant piece of work and is expected to be completed during 2024/25.
- 3.6 The Flexi Officer Review set out to review the Flexi Officer Collective Agreement to ensure that the command group structures were efficient and provided the levels of resilience of specialist functions required to mitigate operational risk. On commencing the review, it became clear that competing priorities including fire cover review and industrial action preparation, meant there was insufficient capacity to deliver the changes required. This workstream has therefore been paused and will be restarted at a future date.
- 3.7 Futures 25 aims to co-ordinate a number of improvement workstreams designed to support the Service to become outstanding by 2032. This includes continuing to drive productivity and efficiency throughout the Service.
- 3.8 As the scoping of the Futures 25 programme has developed, it has become clear that the delivery of national priorities relating to culture, values, EDI and leadership in the fire and rescue service, are an integral part of the improvement journey. For this reason, these workstreams have been brought within the scope of Futures 25 to ensure delivery of the People Strategy relating to these areas is prioritised and resourced appropriately.
- 3.9 The Service had already identified the requirement to deliver efficiencies to ensure that the Authority was in a position to set a balanced budget for 2024/25, together with ensuring the longer-term sustainability of the Service through more efficient and effective systems, processes and ways of working. The Futures 25 improvement programme remains the vehicle through which these efficiency and productivity improvements will be delivered.

CORPORATE RISK REGISTER

- 3.10 The corporate risk register is reported to the Finance and Resources Committee on a six monthly basis. The five highest risks facing the Authority at present are:
- Mobilising – procurement of new mobilising system
 - Inability to set a balanced budget in current economic climate.
 - Firefighters Pension Scheme – impact of and uncertainty around ongoing national legal cases
 - Service Reputation – risk that the public will lose confidence in their fire service through national media reporting on issues such as HMICFRS findings and the London Fire Brigade cultural review.
 - Preventable Deaths – that a person will die in an incident that may have been preventable.
- 3.11 The financial implications of these risks have been addressed in both the capital and revenue proposed budgets and in the Reserves Strategy.

HMICFRS INSPECTION

- 3.12 The Service received its second inspection from HMICFRS in October 2021. The inspection assessed how effectively and efficiently the Service delivers its services and how well it looks after the people who work for the service.
- 3.11 The outcome of the inspection was made public in July 2022. In all the three areas of Effectiveness, Efficiency and People the Service has moved from “Requires Improvement” in its 2018/19 inspection to “Good”. It judged that the Service made best use of its resources and demonstrated future affordability.
- 3.12 The report identified four areas for improvement which are currently being addressed by inclusion in the CRMP annual delivery plan, and these are being monitored through the Authority committee structure. The Service is due to receive its next inspection in early 2024.

PENSIONS

- 3.13 The remedying legislation for the McCloud judgement became law in October 2023. This addresses the transition arrangements into the 2015 firefighters’ pension scheme which were found to be discriminatory. It is expected that the majority of additional costs will be met from the pension top up grant, however the Service has a £200k earmarked reserve to mitigate against any costs that have to be met internally. Further information on this can be found in the Firefighter Pension Scheme Immediate Detriment Review report considered by Policy and Strategy Committee on 1 April 2022.
- 3.14 The remedying legislation is expected to increase the overall costs of the firefighters’ pension scheme. These are expected to be largely funded by Central Government, but additional costs falling to Fire Authority cannot be ruled out. This is included in the General Fund reserves risk register (Appendix 3 to this strategy).
- 3.15 Another pensions case, Matthews and O’Brien, identified discriminatory conditions against part time workers. Remedying legislation similarly became law in October 2023. This legislation allows further backdating of the modified pension scheme from 2006 to when on-call firefighters first joined the fire service. When the modified scheme was created, backdated costs were met by the Government, and it is expected that this will similarly be the case for costs relating to further backdating.
- 3.16 Both of these remedies are having a large impact on the workload of staff dealing with the cases and additional resources were allocated in 2023/24 in order that this work can be undertaken.
- 3.17 The 2016 Government Actuaries Department (GAD) revaluation of the firefighter’s pension fund resulted in a headline rate increase of 12.4% of employer pension costs, which equated to £2.5m for the Service. The Home Office agreed to fund £2.3m of this pressure in 2019/20 but has been kept at the same cash value, leaving increases in costs due to pay inflation to be met by the Service. The £2.3m grant is expected to continue into 2024/25, and discussions are ongoing for this now to be added to the baseline funding for the Authority rather than being paid as a Section 31 grant.

- 3.18 The results of the 2020 valuation are expected soon and could potentially result in a similar increase in employer pension costs. Funding for any additional costs has been committed to by Central Government until the end of 2025/26. After this date, any funding will have to be negotiated as part of the Funding Settlement. There remains a risk that these costs will not be funded in full.

PAY AWARD

- 3.19 The firefighter pay award was agreed at 5% for 2023/24. Negotiations for 2024/25 are in their very early stages. A 5% increase has been included in the MTFS for 2024/25, followed by 3% for 2025/26 and 2% thereafter. Any increases above these assumptions will create a cost pressure (a 1% increase relates to approximately £320k ongoing costs per year).
- 3.20 The 2023/24 pay award offer for support staff was agreed as a flat increase of £1,925. This equates to approximately a 4% increase in green book costs, which is higher than the 2% included in the 2023/24 budget and results in a £120k additional costs.
- 3.21 The 2024/25 support staff pay award is yet to be agreed. A 5% increase has been included in the MTFS for 2024/25, followed by 3% for 2025/26 and 2% thereafter.

INVESTMENT IN TECHNOLOGICAL CAPABILITY

- 3.22 Technological changes and cyber security needs to be kept under constant review, as does the acquisition of new software packages.
- 3.23 All of these areas are placing increased pressure on the Information and Communication Technology (ICT) Department. The department has committed to securing appropriate equipment and software in future years in order to enable improved ways of working. Funding for this will have to be built into base budgets going forward. It is also anticipated that further investment in the team will be required in forthcoming years.

GRENFELL TOWER INQUIRY RESPONSE

- 3.24 The Grenfell Tower Inquiry and subsequent Hackitt review identified that much work was required within the sector to address the issues within the built environment. This will result in increased workload for the Service and the requirement to develop competency and capacity. The Service has received numerous grants to help it deliver on the recommendations coming out of the review over the past four years. Fire protection uplift grant of £146k was received in 2023/24 and further funding is expected in 2024/25, although not confirmed at this stage.
- 3.25 The Authority is in receipt of new burdens funding from the Home Office relating to the creation of a new regional Building Safety Regulator. This funding will continue in 2024/25.

EMERGENCY SERVICES MOBILE COMMUNICATION PROGRAMME (ESMCP)

- 3.26 Set up by the Home Office, ESMCP is expected to replace the current communication service provided by Airwave. The new service will be called the Emergency Services Network (ESN). ESN aims that the functionality, coverage, security, and availability needs of the UK's emergency services are fully met.
- 3.27 There have been significant delays to the programme and funding has similarly been subject to delay. The national project has recently been put on hold. More information is awaited, and Members will be kept informed regarding any updates.

FEES AND CHARGES

- 3.28 The Authority is permitted 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. Revised scales for fees and charges are approved by Authority as part of the budget setting report in February of each year. An example of where a charge would be made is for the containment and clearance of debris, spillages, discharges or leaks from a vehicle or storage tank where the owner can be readily identified. Charges are made on the basis of recovering costs only – ie: with no profit element and no charges are made in situations where there is a risk to life or property, nor where vulnerable persons are involved.

EXTERNAL FUNDING

- 3.29 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.
- 3.30 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.

TREASURY MANAGEMENT STRATEGY

- 3.31 The Treasury Strategy for the Authority was set out in full in a report to the Fire Authority on 25 February 2023. 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. Efforts will continue to be made to ensure a sufficient spread of investment counterparties to minimise risk exposures.

CAPITAL STRATEGY

- 3.32 The Capital Strategy for each year is approved by Authority alongside the MTFS. The updated Capital Strategy for 2024/25 is attached at Appendix 1 (to this strategy) for approval. It sets out how the Authority intends to optimise the use of available capital resources to help achieve its objectives in such a way that it ensures that the programme is affordable, prudent and sustainable. It also includes the flexible use of capital receipts strategy.
- 3.33 The Authority has considered the sustainability of its capital plans in terms of the ICT Strategy, the Fleet Strategy and the Property Strategy and these have been mapped out over future years to assist in the revenue budget planning process.
- 3.34 These individual plans have been brought together to form a 10-year capital programme to assist financial planning and monitoring of debt costs. This is attached at Appendix 2 to this strategy. The first four years of this programme will be considered alongside revenue budgets by the Authority on 23 February 2024. The programme includes the replacement mobilising system, delivery of replacement fire appliances and investment in new fire stations. There has been a purposeful delay in projects on the programme to manage the cost of the Minimum Revenue Provision (MRP), which is the Service's debt cost. This will be reviewed once the Futures 25 efficiency strategy is complete and the impact on services is known.
- 3.35 The 10-year capital plan is considered to ensure long term affordability. The capital programme consists of longer-term projects which cross over the financial year end boundaries. This means that projects may overspend or underspend within a single year, and historically the position has been one of underspending which has an impact on debt repayment costs in the revenue budget. In order to alleviate this issue, it has been accepted that there will be an element of "over programming" but that revenue to support the capital programme will take this into account.

THE PRUDENTIAL CODE

- 3.36 The Authority's Prudential Code was approved by Authority on 24 February 2023. It sets out the prudential indicators approved for 2023/24. 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 and it is necessary for a view to be taken as to how much debt is sustainable in the longer term. The Authority has set a limit for the ratio of debt costs to revenue budget of 8%. This "credit ceiling" for affordable borrowing is covered within the principles of the Prudential Code to ensure that the credit ceiling is not reached before the requirement to undertake major capital schemes is exhausted.
- 3.37 The 10 year Capital Plan in Appendix 2 to this strategy shows that in 2028/29 the debt to budget ratio exceeds 8% and remains above this limit until 2032/33. This means that if current budget projections including capital costs

and interest rates prevail the programme will need to be amended in the longer term to ensure affordability. Following the purchase of 17 pumping appliances in 2024-25 there will be a pause in the capital expenditure of pumping appliances until 2029-30. This will help to reduce capital costs in the medium term. The programme will be reviewed once changes in service requirements are identified as part of the Futures 25 programme.

- 3.38 The Authority predominantly funds its capital investments through borrowing. A general policy of using fixed interest rate vehicles is included in the Treasury Management Strategy in order to minimise this risk to interest rate increases. However, in the longer term there is still an exposure from the loan charges on new capital being greater than anticipated. This may require some revision to future years' capital plans.
- 3.39 It is common in the public sector to use maturity loans as the most appropriate vehicle for capital financing. These loans consist of half-yearly payments of interest only with a single repayment of capital at the end of the term, and they therefore present a refinancing risk at their maturity date. They are currently the most cost-effective way of borrowing, but it is considered essential that the Authority has sufficient accumulated cash to repay the principal at term. This ensures that the Authority retains control of overall debt levels.
- 3.40 The Authority will also take opportunities to make voluntary Minimum Revenue Provision (MRP) contributions as they arise.
- 3.41 The Authority has adopted a medium-term strategy to hold long term debt at low rates and to make use of debt rescheduling opportunities if the terms are advantageous. The overall strategy for borrowing is set out in the Treasury Management Strategy document and in the Prudential Code Report.

COLLABORATIVE WORKING

- 3.42 The Policing and Crime Act 2017 has introduced a duty to collaborate with the three emergency services where it is in the interest of efficiency and effectiveness. To this end, a Collaboration Strategy was approved by the Authority on 22 September 2017. This will not preclude collaboration with other types of organisations where there are benefits to be achieved.
- 3.43 Collaboration is not something new to the organisation. The Authority has taken advantage of many opportunities to reduce costs and increase resilience and effectiveness through joint procurement, joint use of estates and shared specialist vehicles.
- 3.44 The Authority remains committed to supporting joint and collaborative working with fire and other emergency service sector colleagues across the region.

SECTION 4: UNPREDICTABILITY OF FUTURE YEARS PUBLIC FUNDING

Government Grant

- 4.1 The funding for 2024/25 to 2027/28 remains uncertain. Whilst the November 2023 Autumn Statement indicated that Local Government funding would be increasing, there were no specific references to fire and rescue.

- 4.2 The Department for Levelling Up, Housing and Communities (DLUHC) is expected to complete a Fair Funding Review which will revise the methodology for distributing grant across Local Government. This has been delayed for several years and although it is now expected to take effect from 2026/27, this is still not certain. It is anticipated that the Authority will lose the Services Grant it receives at this point (estimated to be £366k in 2024/25).
- 4.3 The firefighter pension scheme employer superannuation rates increased significantly in 2019/20 following the scheme valuation exercise. This had the impact of increasing superannuation costs for the Service in excess of £2.5m. In response, the Treasury issued an additional Section 31 grant of £2.3m to part cover the costs. This has continued to be paid each year, but not increased for inflation and it has been assumed that this will continue for the duration of the MTFS. It has been assumed that it will continue to be paid as a Section 31 grant at flat cash level, although it is possible that this will be built into the Service's base line funding at some point. Depending on the pay award, this grant is reducing in real spending terms by approximately £55k per year. The results of the 2020 valuation are expected shortly and is likely to result in a further increase to employer rates. The Home Office has agreed to fund any additional costs until 2025/26. After this point they will form part of the spending review.

Business Rates

- 4.4 Business rate growth within Nottinghamshire has held strong, largely due to a significant number of new industrial buildings along the county's transport networks. The revaluation of business rate properties from 1 April 2023 also provided additional income to the Authority.
- 4.5 Business rates legislation requires that rates increase in line with CPI inflation, which means that this element of the Authority's income is largely protected. Since the Covid-19 pandemic, these increases have not been passed on to local businesses and the Authority has received an additional Section 31 Grant by way of compensation. This grant is expected to be in the region of £1.9m for 2024/25.
- 4.6 As part of the Autumn Statement on 22 November 2023, the Chancellor announced:
- New powers to de-couple the business rates multipliers will be used from 2024-25, the small business rates multiplier will be frozen, and the standard multiplier indexed.
 - 75% Retail, Hospitality and Leisure (RHL) discounts will continue for a further year.
 - A freezing of business rates multipliers, meaning that there will be no inflationary increases in charges to businesses.
 - Local authorities will be "fully compensated for the loss of income from these business rates measures".
- 4.7 The Authority will be compensated for lost income from the measures outlined in Section 4.6 by way of additional Section 31 Grant.

- 4.8 The Government has delayed a business rate reset several times since it was originally expected in 2020/21. It is now anticipated that this will not happen until 2026/27 at the earliest to take account of the 2024 General Election. The reset will establish new baseline funding levels and business rate baselines for each local authority that is party to the rates retention system. It is anticipated that the Authority would benefit from the reset and the anticipated increase in income has been built into funding projections from 2026/27.
- 4.9 Business rates income accounts for almost a quarter of the Authority's funding, although much of this is funded from the top up grant received from the government. A 10% movement in business rate income from local businesses would see an increase or decrease in income in the region of £390k.

Council Tax

- 4.10 It was announced in the Autumn Statement that the Government is giving local authorities in England the same core council tax referendum principles as in 2023-24. The core Band D threshold will be 2.99%, and the adult social care precept a further 2%. The £5 minimum increase was not confirmed to continue to apply to district councils and fire authorities. These will be included in the provisional local government finance settlement which will be released for consultation in late December.
- 4.11 A 2.95% additional increase in council tax will create additional funding in the region of £991k. A £5 increase would create additional funding in the region of £2,085m.
- 4.12 Council tax for the Authority is currently £89.57 at Band D. A 2.95% increase would raise it by £2.64 to £92.21 per year which equates to £1.75 per week. A £5 increase would raise it to £94.57 - £1.81 per week.

Table 1 – Council Tax Options Analysis

	Amount £	Increase £	Additional Income £'000
Current Band D Council Tax	£89.57		
1.95% increase	£91.32	1.75	991
2.95% increase	£92.21	2.64	1,290
£5 increase	£94.57	5.00	2,085

SECTION 5: RESERVES

- 5.1 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 held in the accounts where appropriate. In simple terms, the difference between a reserve and a provision is that a provision is made for a known liability arising from a legal obligation whereas a reserve is created for a discretionary purpose. The Authority's Reserves Strategy is attached at Appendix 3 to this strategy for approval by Authority alongside the MTFS.

- 5.2 Total estimated reserve levels as at 31 March 2024 are £9.4m, consisting of £5.0m General Reserve and £4.4m Earmarked Reserves.
- 5.3 The Authority reviews the levels of reserves it requires as part of the Reserves Strategy. A General Fund reserve minimum level of £4.1m has been proposed for 2024/25, which is a reduction of £400k from 2023/24, although several adjustments have been made to reflect changes in risk. The three highest areas of identified risk are detailed below (see section 2.12 of the Reserves Strategy for more information):
- Pay award above the rate included in the budget.
 - Pension related issues (due to McCloud, the 2020 revaluation and Matthews/O'Brien case)
 - Risk of significant overspend against budgets due to price increases, undeliverable savings, supply chain issues, fixed price external contracts failing to deliver and potential requirement for market supplement to recruit staff.
- 5.4 A review of the Earmarked Reserves has been undertaken in the Reserves Strategy. This has identified £485k of available reserves either are no longer required or have not yet been allocated to projects. It is proposed that these are reallocated to the following existing earmarked reserves:
- Replacement Mobilising System £475k.
 - Efficiency Programme £10k.
- 5.5 Any unplanned expenditure or overspends may need to be met from the General Reserve or existing Earmarked Reserves.

SECTION 6: OUTLOOK FOR 2024/25, 2025/26 AND BEYOND

- 6.1 In February 2023, the Authority set a balanced budget for 2023/24, although this was only achieved by using £404k of Earmarked Reserves and making savings due to vacancies in the wholetime firefighter establishment. The report predicted shortfalls in 2024/25 and 2025/26 of £1.1m and £1.8m respectively.
- 6.2 Whilst there remain areas of uncertainty, budgets have been updated to reflect revised assumptions and other known changes, which include:
- 2024/25, 2025/26 and 2026/27 pay awards.
 - Non pay inflation – particularly fuel, gas, and electricity (an additional £400k)
 - CRMP development (Section 3.1)
 - Business rates revised projections (Sections 4.5 – 4.9)
 - Changes in council tax precept levels (Section 4.11)
 - Reductions in MRP due to planned delays in capital programme (Section 3.34)

- 6.3 The budget requirement for future years cannot be accurately estimated at this point as the full budget is still to be determined. It has been amended for known major pressures as detailed above, but figures are likely to change. More detailed figures will be provided to the Finance and Resources Committee in January 2024 and the Authority in February 2024.
- 6.4 Given the uncertainty discussed in this strategy, three scenarios have been considered – a worst case, a likely case and a best scenario.

SCENARIO 1 – WORST CASE SCENARIO

- 6.5 The worst-case scenario assumes that:
- The 2024/25 pay award is settled at 5% for all staff.
 - Government funding (Revenue Support Grant (RSG) and Business Rates top up grant) increases 6.7% for 2024/25, 1.8% for 2025/26 and 3.74% for 2026/27.
 - Pension Grant remains flat in cash terms at £2.34m.
 - Services Grant remains, although reduced to £366k (from £421k).
 - Business Rate collection increases by 0.9% for 2024/25, 3.02% 2025/26 and 12.19% 2026/27.
 - Council tax collection increases by 1.35% in 2024/25 and future years.
 - Council tax is increased at 2.95% for each year.
- 6.6 This scenario would result in a £1.3m deficit in 2024/25 and has an ongoing deficit in excess of £2.m as detailed in the table 2 below:

Table 2 – Worst Case Scenario 2.95 % Council Tax increase

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Estimated spend.		52,836	55,711	56,754	57,877
Finance Challenge		(200)	(200)	(200)	(200)
Budget Requirement	49,965	52,636	55,511	56,554	57,677
Revenue Support Grant (RSG)	(6,189)	(6,599)	(6,677)	(6,927)	(7,065)
Business Rate (BR) Income	(3,649)	(3,613)	(3,722)	(4,176)	(4,294)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,480)
BR Top up Grant	(7,638)	(7,653)	(7,802)	(7,278)	(7,418)
Council Tax (2.95%)	(29,746)	(31,036)	(32,383)	(33,788)	(35,253)
Budget Deficit	403	1,395	2,587	2,045	1,167

6.7 If a nil council tax increase is approved in 2024/25, the deficit position would become £2.685m. Significant ongoing savings will need to be identified in order to balance the budget if this scenario plays out.

SCENARIO 2 – MOST LIKELY SCENARIO

6.8 The most likely scenario assumes that:

- The 2024/25 pay award is settled at 5% for all staff.
- Savings targets of £200k are met for 2024/25.
- Government funding (Revenue Support Grant (RSG) and Business Rates top up grant) increases 6.7% for 2024/25 ,1.8% for 2025/26 and 3.74% for 2026/27.
- Pension Grant remains flat in cash terms at £2.34m.
- Services Grant remains, although reduced to £366k (from £421k).
- Business Rate collection increases by 0.9% for 2024/25, 3.02% 2025/26 and 12.19% 2026/27.
- Council tax base increases by 1.35% in 2024/25 and future years.
- Council tax is increased at £5 in 2024/25, 2.95% in 2025/26 and 2026/27 and 1.95% in 2027/28.

6.9 This scenario would result in a £601k deficit in 2024/25 which increases to £1.7m by 2026/27. This scenario is likely to need both the use of reserves and savings to be made.

Table 3 – Most Likely Case Scenario £5 Council tax increase and 2.95% 2025/26 2026/27 and 1.95% 2027/28

	2023/24 £,000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Estimated spend.		52,836	57,711	58,754	57,877
Finance Challenge		(200)	(200)	(200)	(200)
Budget Requirement	49,965	52,636	55,511	56,554	57,677
Revenue Support Grant (RSG)	(6,189)	(6,599)	(6,677)	(6,927)	(7,065)
Business Rate (BR) Income	(3,649)	(3,613)	(3,722)	(4,176)	(4,294)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,480)
BR Top up Grant	(7,638)	(7,653)	(7,802)	(7,278)	(7,418)
Council Tax (£5) 2.95% 2025/26 2026/27 and 2% 2027/28	(29,746)	(31,830)	(33,212)	(34,652)	(35,804)
Budget Deficit	403	601	1,758	1,181	616

6.10 If a nil council tax increase is approved in 2024/25, the deficit position in the scenario in Table 4 becomes £2.685m. A 2.95% would result in deficit figures of £1.395m.

6.11 It is therefore likely that the Service will need to identify savings in the region of £1.7m moving forward. These savings will be achieved through the delivery of the Futures 25 Efficiency Strategy. It may be necessary to use an element of reserves during 2024/25 to allow the Service time to implement the savings identified as part of the strategy. The Service currently holds £1.126m in a Budget Pressures Support Earmarked Reserve for this purpose. This should place the Authority in a good position, enabling it to balance the budget without the use of reserves in 2025/26.

SCENARIO 3 – BEST CASE SCENARIO

6.12 This scenario assumes that:

- The 2024/25 pay award is settled at 4% for all staff.
- Savings of £200k are met for 2024/25.
- Government funding (Revenue Support Grant (RSG) and Business Rates top up grant) increases 6.7% for 2024/25 ,1.8% for 2025/26 and 3.74% for 2026/27.
- Pension Grant remains flat in cash terms at £2.34m.
- Services Grant is reduced to £366k (from £421k).

- Business Rate collection increases by 0.9% for 2024/25, 3.02% 2025/26 and 12.19% 2026/27.
- Council Tax base increases by 1.35% in 2024/25 and future years.
- Council Tax is increased by £5 in 2024/25 and 2.95% 2025/26, 2026/27 and 1.95% 2027/28.

Table 4 – Best Case Scenario – 4% Pay award.

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Estimated spend.		52,602	55,400	56,384	57,507
Finance Challenge		(200)	(200)	(200)	(200)
Budget Requirement	49,965	52,402	55,200	56,184	57,307
Revenue Support Grant (RSG)	(6,189)	(6,599)	(6,677)	(6,927)	(7,065)
Business Rate (BR) Income	(3,649)	(3,613)	(3,722)	(4,176)	(4,294)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,480)
BR Top up Grant	(7,638)	(7,653)	(7,802)	(7,278)	(7,418)
Council Tax (£5) 2.95% 2025/26 2026/27 and 2% 2027/28	(29,746)	(31,830)	(33,212)	(34,652)	(35,804)
Budget Deficit / (Surplus)	403	367	1,447	811	246

6.13 This reflects a scenario in which inflation reduces more quickly than anticipated, allowing for a 4% pay award to be agreed along with a £5 increase in council tax. It is therefore likely that the Service will need to identify savings in the region of £1.5m moving forward. These savings will be achieved through the delivery of the Futures 25 Efficiency Strategy. It may be necessary to use an element of reserves during 2024/25 to allow the Service time to implement the savings identified as part of the strategy. Members should note that this would be the best-case scenario if all variables were to be favourable – this may yet prove unlikely.

SECTION 7: SUMMARY

- 7.1 This MTFs has been written against a backdrop of financial and economic uncertainty. Whilst indications are that the fire sector will receive some funding increases, this will not be known with any certainty until the Funding Settlement figures are known in December and collection fund details for business rates and council tax are known at the end of January 2024.
- 7.2 The most likely scenario assumes a £5.00 increase in council tax and, after considering the economic situation and expected costs, shows a 2024/25 deficit position of £601k. Future year deficits remain above this level.

- 7.3 It is therefore likely that the Service will need to identify savings in the region of £1.7m moving forward. These savings will be achieved through the delivery of the Futures 25 Efficiency Strategy. It may be necessary to use an element of reserves during 2024/25 to allow the Service time to implement the savings identified as part of the strategy. The Service currently holds £1,126m in a Budget Pressures Support Earmarked Reserve. This should place the Authority in a good position, enabling it to balance the budget without the use of reserves in 2025/26.
- 7.4 In the worst-case scenario, estimates show that a 2024/25 deficit of £1.4m could be likely, even assuming a 2.95% council tax increase. If there were to be no increase in council tax levels the 2024/25 deficit would rise to £2.685m. If this were to be the case, then significant savings would be required, and the more difficult options identified in the Futures 25 Efficiency Strategy would need to be considered.
- 7.5 It is probable that the maximum limit for the amount council tax can be increased before invoking a referendum will be 3%. The fire sector has requested the flexibility to increase council tax by £5 to enable investment to help it deal with pressures outlined in section 3 and investment in future services.
- 7.6 The Reserves Strategy sets out plans for re-allocating £485k of Earmarked Reserves, some of which will be transferred into the Replacement Mobilising System and the Efficiency Programme Earmarked Reserve. This will be used to help the Service transition into a balanced budget position by 2025/26.
- 7.7 Whilst there remain clear challenges ahead, the Authority starts this journey in a relatively positive position whereby it has sufficient reserves to underpin the changes required in the coming years. With careful budgetary planning and resource maximisation it is anticipated that the Authority will be able to forge a future path that will enable it to meet priorities and balance the budget.
- 7.8 At its meeting on 23 February 2024 the Fire Authority will consider the budget report with the objective of setting Council Tax levels for 2024/25.

SECTION 8: CONCLUSION

- 8.1 In conclusion, this MTFS financial plan based on the most likely option indicates that even counting for a council tax increase of £5.00 as well as continued budget challenges, which delivers £200k in savings, there remains a structural in balance within the financial forecast. In 2024/25 there is £601k deficit that can be balanced from reserves. **However, as the deficit continues into the end of the medium term plan, it is imperative that members consider efficiency proposal in the next annual budget to address this deficit.**

CAPITAL STRATEGY 2024/25

Date Reviewed by Fire Authority: December 2023

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1 INTRODUCTION AND BACKGROUND

- 1.1 This Capital Strategy is a key corporate document that outlines how the Authority intends to optimise the use of available capital resources to help achieve its objectives. Capital expenditure is a major cost to the Authority and as a result it is necessary to ensure that key programmes of work requiring capital expenditure have been properly identified, evaluated and prioritised.
- 1.2 This document sets out the framework for planning and financing capital in order to ensure the broad requirements set out above can be consistently met by the Authority. The Strategy sits alongside the Medium Term Financial Strategy (MTFS) and the proposed 10-year capital programme is included in the MTFS. The Strategy is supported by the Authority's Estates Strategy, asset management plans and the capital programme which, in combination, lay out how the Authority will use its assets and its capital investments in pursuit of the key goals set out in the CRMP.
- 1.3 There are several influences which feed into the capital investment process, the main ones being:
- CRMP
 - Treasury Management Strategy
 - Medium Term Financial Strategy
 - Property Strategy
 - Corporate Asset Management Plans (buildings, vehicles and equipment)
 - Procurement Strategy
 - ICT Strategy
 - Transport Strategy
 - Community Safety Strategy
 - Work Force Plan
 - Learning & Development Strategy
 - Risk Register

2 GOVERNANCE

- 2.1 The Local Government Act 2003 sets out a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities' decision making in the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code.
- 2.2 The objectives of the Prudential Code are to ensure that the capital investment plans of authorities are affordable, prudent and sustainable. This is achieved through the use of a number of prudential indicators covering affordability, prudence, capital expenditure, debt levels and treasury management. These indicators are included in the Prudential Code for Capital Finance which is approved by the Fire Authority each year and monitored throughout the year by the Finance and Resources Committee. A 10-year capital programme is

included in the MTFS which includes a projection of future year debt costs to ensure that they are affordable in the long term.

FIRE AUTHORITY

- 2.3 The capital programme is an aggregation of the approved schemes which will help ensure that the Authority can deliver on its strategic objectives. The capital programme approved by Authority as part of the annual budget process covers a 4-year period in line with revenue budget forecasting. Estimating expenditure beyond 4 years is more difficult, although still important in determining the affordability of capital expenditure in future years. For this reason, a proposed 10-year capital programme is included as a separate document in the Medium Term Financial Strategy (Appendix 2) for planning and cost projection purposes.
- 2.4 The full revenue implications of the capital programme are presented to members prior to each financial year within the revenue budget. The Authority is also responsible for approving the Treasury Management Strategy and Prudential Code prior to the start of each year to ensure that the capital programme is affordable, prudent and sustainable.

FINANCE AND RESOURCES COMMITTEE

- 2.5 The Finance and Resources Committee is responsible for receiving quarterly monitoring reports on the capital programme and Prudential Code.

CORPORATE GOVERNANCE

- 2.6 Corporate Governance is ensured throughout the process through the Authority's:
- Internal Audit
 - Service plans and procedures
 - Performance management
 - Financial Regulations and procedures
 - Standing Orders.

STRATEGIC LEADERSHIP TEAM (SLT)

- 2.7 SLT has oversight of and make appropriate decisions relating to the revenue and capital budgets set by the Fire and Rescue Authority in order to operate within the delegated financial authority agreed by the Authority to deliver a balanced budget position.
- 2.8 SLT also has responsibility for managing project performance and receive regular monitoring updates, project closure reports and to ensure that any lessons learned are shared across the organisation.

TREASURER

- 2.9 Under Section 25 of the Local Government Act 2003, the Treasurer is specifically required to report to the Authority regarding the estimates for the purposes of calculations in order that the Fire Authority can make informed

decisions about future years' budgets. The Treasurer also has responsibility to ensure compliance with regulatory frameworks and to report on unlawful expenditure or on an unbalanced budget.

FINANCE EMPLOYEES

- 2.10 The Authority ensures that the Finance Team contains staff who are appropriately trained in capital accounting and treasury management. In addition, the Service employs external treasury management advisors who provide specialist advice and resources.

3 THE CAPITAL PROGRAMME

- 3.1 The capital expenditure recommendations are determined from an assessment of the Authority's Asset Management plans for buildings, equipment and vehicles. As the impact of capital expenditure and the associated borrowing is spread over a number of years, it is important to consider the effects of any proposals in both the forthcoming and future financial years.
- 3.2 The Authority's approach to developing capital investment is to evaluate projects against criteria such as:
- Fire Authority objectives
 - Funding availability
 - Statutory obligations
 - Reserve savings and implications
 - Any surplus assets for which a receipt will subsequently be available
 - Any special considerations
 - Affordability
 - Sustainability (by considering whole life costs)
 - Evaluation of condition, suitability, and sufficiency information from the Asset Management system
 - Collaborative Opportunities.
- 3.3 Where there is a possibility to take a collaborative approach to purchasing or using assets it will be pursued providing that the partnership or sharing arrangements are financially viable and in the best interests of Nottinghamshire Fire & Rescue Service.
- 3.4 Where collaborative projects are undertaken, consideration will be given to the most appropriate delivery vehicle whether it be leasing arrangements, joint ownership, or the setting up of partnership arrangements such as a Limited Liability Partnership (LLP).
- 3.5 The purpose of the capital investment programme is to support the CRMP, which currently does not include investment in commercial activities due to the Authority not wishing to undertake undue risk.
- 3.6 Establishing the level and type of investment available, which is currently projected for up to ten years in advance enables the revenue implications of the capital programme to be considered in detail, including repair and maintenance costs, energy efficiencies and economies for scale. The debt

charges (Minimum Revenue Provision and interest charges) are built into the revenue budget and monitored to ensure that they remain affordable.

- 3.7 The Finance and Resources Committee recommend a draft capital programme to the Fire Authority, who approve the final programme at its budget setting meeting in February of each year. Additional approval is sought from the Finance and Resources Committee before major building projects are commenced.
- 3.8 Projects utilise the principles of Prince 2 methodology where appropriate and are subject to a review following completion where clients, occupiers and consultants establish how far the project has achieved the objectives and outcomes against targets (as detailed in the original investment appraisal) and identify areas of good practice or areas for improvement.

4 CAPITAL FINANCING

- 4.1 The capital programme is currently constrained by the availability of finance, which continues at present to be provided by traditional methods including:
- Borrowing under the Prudential Code.
 - Revenue funding.
 - Capital receipts.
 - Capital grant.
 - Leasing.
- 4.2 Funding is expected to be limited in the medium term and the Funding Settlement expected in December 2023 will set the funding limits for the period from 2024/25 to 2027/28. The capital programme will be revised accordingly and considered as part of the budget setting process, with final approval being sought from Fire Authority in February 2024.
- 4.3 Surplus assets are disposed of, and all receipts are treated as a corporate resource and are used to underpin and support the Capital Strategy. This is done in line with the Flexible Use of Capital Receipts Strategy, which will be approved alongside the Capital Strategy (see Appendix A).
- 4.4 The main limiting factor on the Authority's ability to undertake capital expenditure is whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs, after allowing for any support provided by central government.
- 4.5 Capital financing charges are expected to represent 5.0% of the Authority's revenue budget by the end of 2023/24, which is considered within prudent limits. On 24 October 2008, the Finance and Resources Committee set a maximum limit for this ratio of 8% in order to meet the Prudential Code requirements of affordability and sustainability (as part of the Sustainable Capital Plans Report). This ratio forms one of the Prudential Indicators approved by Fire Authority as part of the Prudential Code for Capital Finance report considered in February of each year. It is not proposed to change the 8% cap on this ratio. The 10-year proposed capital programme is indicative at this stage and will need to be reviewed as the needs of the Authority change and to reflect changes in interest rates. There is currently a risk that it will be

breached beyond 2028/29. This may change once revenue budget figures are finalised, capital costs are confirmed and interest rates become more predictable. The programme will be altered in future years to ensure the 8% limit is not exceeded.

5 SUMMARY

- 5.1 This Capital Strategy is a key corporate document that outlines how the Authority intends to optimise the use of available capital resources to help achieve its objectives. Capital expenditure is a major cost to the Authority and as a result it is necessary to ensure that key programmes of work requiring capital expenditure have been properly identified, evaluated, prioritised and authorised.
- 5.2 Due to the long-term impact of the Capital Programme and the high levels of expenditure involved, strong and effective governance arrangements have been put in place to manage any associated risks.
- 5.3 The Authority continues to plan for its Capital Expenditure in such a way that ensures that it is affordable, prudent and sustainable.

FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY

Introduction

Statutory Guidance relating to the flexible use of capital receipts (updated August 2022) permits local authorities to spend up to 100% of their capital receipts from the sale of fixed assets on the revenue cost of reform projects. This gives local authorities the power to treat as capital expenditure, expenditure which is incurred in generating on-going revenue savings in the delivery of public services either by way of reducing the cost of or reducing demand for services in future years. This impact of cost or demand reduction can be realised by any public-sector delivery partners but must be properly incurred by authorities by the end of 2024/25.

This new power and its guidance are issued under Section 15(1) of the Local Government Act 2003, which requires local authorities to have regard to guidance that the Secretary of State may specify.

Application

The guidance specifies that authorities may not borrow to finance the revenue costs of service reform, nor may they use capital receipts accumulated from prior years. The key criteria to be used when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate on-going savings to an authority's or several authorities' and / or to another public-sector body's net service expenditure.

Qualifying Expenditure

Examples of projects that may generate qualifying expenditure include setting up alternative delivery models to deliver services more efficiently. However, the qualifying expenditure for these projects is limited to set up and implementation costs. The ongoing revenue costs of new processes or arrangements cannot be classified as qualifying expenditure. Furthermore, with respect to redundancy payments, qualifying expenditure is limited to statutory payments - the guidance explicitly excludes non statutory payments and pension strain costs, which would still need to be met from the Authority's revenue funding.

Accountability and Transparency

The guidance specifies that authorities must disclose the individual projects that will be funded, or part funded through capital receipts flexibility to the full Fire Authority. This requirement can be satisfied as part of the annual budget setting process or through the Medium Term Financial Strategy. It is recommended that the disclosure of projects to be funded in this way should be made prior to the start of each financial year, however if the strategy is updated part way through the year it must be approved by the Fire Authority and notified to central government. A revised strategy must also include the impact on Prudential Indicators. Both the initial strategy and any revised strategy must be made available online to the public.

The strategy must list each project to be funded through capital receipts flexibility, with details of the expected savings and service transformation. Details must also be included of projects approved in previous years, and progress against achievement of the benefits outlined in the original strategy.

Capital Receipts Strategy for 2024/25

For the financial year 2024/25 it is not proposed to fund any reform projects through the capital receipts flexibility. This is largely due to the limited nature of qualifying costs that can be funded this way. There are currently sufficient funds held in reserves to cover costs of transformational projects and it is felt that capital receipts would be better used to finance capital expenditure. This will enable the Authority to minimise the use of borrowing which needs to be kept within the affordable limits as set out in the Prudential Code for Capital Finance.

If it is felt in the future that the use of capital receipts flexibility would be beneficial to the Authority, then a revised strategy will be reported to the Fire Authority for approval.

PROPOSED TEN YEAR CAPITAL PLAN 2024/25 TO 2032/33

10 YEAR CAPITAL PROGRAMME	Budget 2024-25 £'000	Budget 2025-26 £'000	Budget 2026-27 £'000	Budget 2027-28 £'000	Budget 2028-29 £'000	Budget 2029-30 £'000	Budget 2030-31 £'000	Budget 2031-32 £'000	Budget 2032-33 £'000	Budget 2033-34 £'000
TRANSPORT										
Pumping Appliances	2,416					390	1,565	1,599	1,227	1,667
Special Appliances	393			855	506					
Light Vehicle Replacement				118	242	728	294	539	144	
Rural Unit										
Aerial Ladder Appliances	308	533								
	3,117	533	0	973	748	1,118	1,859	2,138	1,371	1,667
EQUIPMENT										
Lightweight Fire Coat					253					
Rescue Gloves					33					
Structural PPE				591	605					
Fire Helmets					198					
Fire Gloves						175				
Replacement Duty Rig	150							300		
Water Rescue kit						281				
Operational Surcoats	100								120	
Coveralls							40			
Fire Hood - Contaminants	140								168	
	390			591	1,089	456	40	300	288	
BA Sets										1,225
Radios			315							
RTC Equipment (Holmatro)				457	468					
Gas Monitoring			35							
			350	457	468					1,225
ESTATES										
Access and Inclusion	750									
Training facilities (Tower)	500									

10 YEAR CAPITAL PROGRAMME	Budget 2024-25 £'000	Budget 2025-26 £'000	Budget 2026-27 £'000	Budget 2027-28 £'000	Budget 2028-29 £'000	Budget 2029-30 £'000	Budget 2030-31 £'000	Budget 2031-32 £'000	Budget 2032-33 £'000	Budget 2033-34 £'000
Training and Development Training Classroom Refurbs	500									
On Training Facilities		150		150	150	150				
Wholetime Fire Station A	30	1,500	3,875	135						
Wholetime Fire Station B			30	1,500	2,875	135				
Estate energy reduction decarbonisation	250	125		125						
	2,030	1,775	3,905	1,910	3,025	285				
I.T. & COMMUNICATIONS										
ICT Replacement Equipment	230	180	200	250	391	250	250	250	250	250
Mobile Computing	90			90			90			
HQ Core Switch Upgrade			50							
CFRMIS OLS	150									
	470	180	250	340	391	250	340	250	250	250
EMERGENCY SERVICES MOBILE COMMUNICATIONS										
Tri-Service Control & mobilisation	2,000	1,000	300			500				
	2,000	1,000	300			500				
ICT UPGRADES										
Agresso Upgrade	51									
Payroll, Finance and Occupational Health Upgrade	50	30		30		30	30			
	101	30		30		30	30			
	8,108	3,518	4,805	4,301	5,721	2,639	2,269	2,688	1,909	3,142
To be Financed By:	Budget 2024-25 £'000	Budget 2025-26 £'000	Budget 2026-27 £'000	Budget 2027-28 £'000	Budget 2028-29 £'000	Budget 2029-30 £'000	Budget 2030-31 £'000	Budget 2031-32 £'000	Budget 2032-33 £'000	Budget 2033-34 £'000
Capital Receipts	-10	-10	-10	-10	-10	-270	-10	-10	-10	-10
Borrowing	8,008	3,518	4,805	4,301	5,721	2,639	2,269	2,688	1,909	3,142
Revenue / Earmarked Reserves	-617									
TOTAL	7,381	3,508	4,595	4,191	5,731	2,129	2,259	2,678	1,899	3,132
Debt Cost Ratio	5.67%	6.86%	7.28%	7.79%	8.26%	8.66%	8.41%	8.27%	8.12%	7.93%



NOTTINGHAMSHIRE
Fire & Rescue Service

RESERVES STRATEGY

2024/25 to 2027/28

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1 INTRODUCTION AND BACKGROUND

- 1.1 Sections 32 and 43 of the Local Government Finance Act 1992 require that, when setting the budget for the forthcoming year, precepting authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowances that should be made for contingencies.
- 1.2 Best practice on the use and management of reserves and balances is provided by CIPFA and the Local Authority Accounting Panel (LAAP) guidance, specifically LAAP Bulletin 99 - 'Local Authority Reserves and Balances' which was issued in July 2014.
- 1.3 In May 2018 the Government published the New Fire and Rescue Services Framework which introduces a requirement for Combined Fire and Rescue Authorities to publish a Reserve Strategy on their website. The Reserves Strategy can form part of the Medium Term Financial Strategy (MTFS) or be a stand-alone document.

STRATEGIC CONTEXT

- 1.4 There are a number of reasons why a Local Government Authority might hold reserves. these include to:
 - Mitigate potential future risks such as increased demand and costs
 - Help absorb the costs of future liabilities
 - Temporarily bridge a funding gap should resources be reduced suddenly
 - Enable the Authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on council tax
 - Spread the cost of large scale projects which span a number of years.
- 1.5 Reserves only provide one-off funding so the Authority aims to avoid using reserves to meet regular and ongoing financial commitments, other than as part of a sustainable medium-term budget plan.
- 1.6 **Long-Term Sustainability** - Reserves are an essential tool to ensure long term budget stability particularly at a time when the Authority is facing significant year on year reductions in grant funding over the medium term.
- 1.7 Reserve balances have been identified as a key indicator of financial health and the Authority continues to have an appropriate level of reserves to deal with identified risks. As a minimum, there are sufficient balances to support the budget requirements and provide an adequate contingency for budget risks.
- 1.8 There are two different types of reserves and in addition to these, provisions can be held for more certain commitments:

Earmarked Reserves – these reserves are held to fund a specific purpose and can only be used to fund spending associated with that specific purpose. Should it transpire that not all the agreed funds are required then the agreement of the Authority would be sought to decide how any remaining balance is to be utilised.

General Reserve – usage from this reserve is non-specific and is held to fund any unforeseen spending that had not been included in the base budget such as a sudden increase in inflation or a pay award higher than anticipated when the budget was set.

Provisions - A provision is held to provide funding for a liability or loss that is likely to occur in the future, but where the timing or amount of the liability or loss is uncertain.

2 RISK ASSESSMENT TO DETERMINE THE ADEQUACY OF THE GENERAL RESERVE

- 2.1 Whilst it is primarily the responsibility of the local authority and its Chief Financial Officer to maintain a sound financial position, external auditors will, as part of their wider responsibilities, consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.
- 2.2 CIPFA does not prescribe a formula for calculating a minimum level of reserves. Local authorities, on the advice of their Chief Financial Officers, should make their own judgements on such matters considering all the relevant local circumstances, which may vary between authorities. A well-managed authority, for example, with a prudent approach to budgeting should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. In assessing the appropriate level of reserves, a well-managed authority will ensure that the reserves are not only adequate but are also necessary. There is a broad range within which authorities might reasonably operate depending on their particular circumstances.
- 2.3 A common benchmark used for the General Reserve is 5% of annual budget. The Authority has consistently set a minimum level of General Reserve higher than 5% (currently 10%). However, as discussed in sections 2.1 and 2.2, it is the responsibility of the Authority to set an appropriate level of reserves reflecting the individual circumstances of the Authority. The method used is a risk-based approach, in line with CIPFA guidance. The levels of reserves set are felt to reflect the circumstances and risk appetite of the Authority.
- 2.4 The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. That said, given the high level of external influences on its income and expenditure (e.g. national and local economics and government policy), there is always a risk that the Authority

will unexpectedly become liable for expenditure that it has not budgeted for. This is particularly true in the current uncertain economic climate given the uncertainty around future funding streams, inflation and pay awards.

- 2.5 At the start of 2023/24, the General Reserve was £4.961m, which represented 10% of the 2023/24 net revenue budget of £50m. Current budget monitoring would indicate that the General Fund Reserve will remain close to this level at the end of the financial year.
- 2.6 A risk assessment of the adequacy of the Authority's General Reserve is carried out annually to determine the extent to which the Authority is exposed to uninsured and unbudgeted losses. The risk assessment is shown in Appendix A. Where risks have been identified, control measures are in place to minimise either the likelihood or the impact of the risk and these are also shown in Appendix A.
- 2.7 The approach has examined each of the risk exposures and considered both the possible financial impact on the Service and the likelihood of occurrence. A risk factor has been allocated to each risk reflecting the likely frequency of occurrence of that risk based on historic experience and professional judgment. It should be noted that the underlying assumption is that not all of these risk events will occur simultaneously and, to reflect this, the potential value of each financial impact is multiplied by its risk factor.
- 2.8 The approach also considers the extent to which financial risks can be transferred by way of insurances or through additional government grant (through the Bellwin scheme). This creates a balance between mitigated and self-financed risk. Where insurances are in place, the risk value reflects the level of excess within the insurance policy.
- 2.9 Residual risk is the extent to which the Authority remains exposed to risks which are neither insured nor provided for within revenue budgets or balances. The level of acceptable residual risk equates to the "risk appetite" of the Service and the estimated minimum level of balances reflects this risk appetite.
- 2.10 The risk review included an assessment of the financial implications of risks included in the corporate risk register. There were several changes to reflect current levels of uncertainty and risks associated with the changing economic environment. The frequency of risk occurrence has also been reviewed in the light of another year of experience.
- 2.11 The risk assessment which determines the minimum level of reserves is carried out using the professional judgement of the officers involved in the process. Several managers with particular areas of expertise have been consulted as part of the exercise to determine any new risks and to identify appropriate levels of risk value and risk frequency. This detailed review of risks inevitably results in fluctuations in the resulting minimum level.
- 2.12 The three highest value risks identified in the risk register are detailed below:

- 1) **Pay Awards.** Continuing inflationary pressures will have an impact on pay negotiations for both firefighter and support staff for 2024/25. Annual inflation using the CPI measure in October 2023 was 4.6%. Forecasts suggest that CPI will fall slowly over the coming year. The 2024/25 Medium Term Financial Strategy (MTFS) has budgeted for a 5% pay award. A potential cost of £1m has been included in the General Fund Risk Analysis which would cover an increase of 2% above the amount included in the budget. A risk factor of 0.75 has been used to give a value of £750k to be included in the reserve.
- 2) **Pension Issues.** New legislation has now come into force regarding the remedy of both the McCloud and Matthews / O'Brien legal cases. Whilst this provides clarity around what action is required and costs going forward, there remains a risk that the Service will be required to pick up some of the transitional related to the McCloud case.

The remedying legislation is expected to increase the overall costs of the firefighters' pension scheme. These are expected to be largely funded by Central Government but additional costs falling to the Fire Authority cannot be ruled out.

The results of the 2020 valuation have not yet been released and could potentially result in a significant increase in employer pension costs. Funding for any additional costs has been committed to by Central Government until the end of 2025/26. After this date, any funding will have to be negotiated as part of the Funding Settlement. There remains a risk that these costs will not be funded in full.

A potential cost of £1m has been included in the General Fund Risk Analysis. The risk factor has been reduced from 0.5 to 0.4 to reflect the new legislation now in place. This leaves a value of £400k in the reserve (reduced from £500k in 2023/24).

- 3) **Risk of a significant overspend.** The 2024/25 budget has been set after giving consideration to the areas of underspend in 2023/24. However, there remains concern over inflation levels that are having a significant impact on contracts, maintenance and capital expenditure in particular. Given the forecasted underspend position in 2023/24, this risk factor has been reduced from 0.5% to 0.4% to give a value of £400k in the General Fund reserve.

- 2.13 The ability to set a balanced budget was in the top three risks in the 2023/24 risk register, with a potential cost of £1m. This has been reduced in the 2024/25 risk register to £500k due to the additional income received from the £5 increase in council tax approved for 2023/24 and higher than expected business rate income.

- 2.14 There are a number of other risks where minor amendments have been made to reflect changes in either the risk value or in the expected likelihood or impact in the light of another year's experience.
- 2.15 The updated risk assessment shows that an appropriate level of general reserves should be reduced from £4.5m to £4.1m.
- 2.16 Previous year's minimum levels of General Reserves have remained between £3.9m and £4.4m as detailed below:

Table 1 – Minimum General Fund Reserve Levels over last 5 years

Year	Minimum General Fund Reserve level £'m
2024/25	4.1
2023/24	4.5
2021/22	4.5
2020/21	4.5
2019/20	3.9

- 2.17 The Finance and Resources Committee regularly receives risk management reports, which show that corporate risks are regularly reviewed by Officers and that controls are in place to manage those risks. The review of reserves reflects changes to the corporate risk register.
- 2.18 The projected level of general fund reserves at 31 March 2023 is of the order of £5.0m (section 2.5). The General Fund reserve exceeds the minimum level required by £0.9m. There will be an opportunity to review General Fund reserves at year end once more information is known about the funding settlement.

3 ANNUAL REVIEW OF EARMARKED RESERVES

- 3.1 At 1 April 2023, the Authority had £5.3m of earmarked reserves which have been established for specific purposes; where there have been timing differences at budget setting or year-end or to address emerging risks or cost pressures.
- 3.2 Any unspent government grant at the end of the financial year is transferred into earmarked reserves to enable it to be ringfenced for its original purpose. It is expected that £1.2m of earmarked reserves at 31 March 24 will relate to unspent grant. The majority of this (£1.0m) relates to the national Emergency Services Network (ESN) scheme that has now been put on hold by the Home Office.

3.3 Appendix B contains details of all Earmarked Reserves. A summary position is shown in Table 2 below.

Table 2 – Summary of Earmarked Reserves

Purpose	Balance 1 Apr 23 £'000	Expected Balance 31 March 24 £'000	Required 2024/25 to 2028/27 £'000	Estimated Unused 31 Mar 27 £'000
Prevention & Protection	279	215	215	0
Emergency Services Network	998	998	0	998
Other ICT	149	75	75	0
Operational	1,175	678	678	0
Pensions	325	325	325	0
Budget Pressure Support	1,126	1,126	1,126	0
Futures 25 Efficiency Strategy	900	717	0	717
Other	384	219	193	26
Total	5,337	4,353	2,612	1,741

3.4 The relevance of, and value in, each reserve is reviewed annually with a view to identifying any surplus reserves and realigning available funding to the service's priorities.

3.5 Given the potential deficit identified in the 2024/25 Medium Term Financial Strategy (MTFS), all existing earmarked reserves have been scrutinised with the purpose of identifying surplus resources that can be used to support known pressures for 2024/25 and beyond. This review has identified £485k for re-distribution.

3.6 Appendix B contains details of all Earmarked Reserves along with proposed amounts for reallocation. Table 2 provides a summary of those reserves identified for reallocation.

Table 2 – Summary of Earmarked Reserves Identified for Re-allocation

Reserve	Balance 01-Apr-23 £'000	Required 2023/24 £'000	Required 2024/25 to 2026/27 £'000	To be Reallocated £'000
Tri Service Control / Mobilising System	350	0	0	350
Fire Cover Review	10	0	0	10
Remedial Fire Risk Assessment	30	0	0	30
Headquarters Move	49	0	0	49
Covid-19 2019/20 unused grant	15	0	0	15
Joint HQ Comms officer	1	0	0	1
Transformation and Collaboration	30	0	0	30
Total	485	0	0	485

- 3.7 The review of Earmarked Reserves has identified £485k for reallocation. It is proposed that this be transferred to the following earmarked reserves:

Table 3 – Proposed re-allocation of Earmarked Reserves

Reserve	Amount £'000
Replacement Mobilising System	475
Efficiency Programme	10
Total	485

4 SUMMARY

- 4.1 It is appropriate to advise Members that the level of reserves held by the Authority will be sufficient during 2024/25 to cover the risk-based liabilities which may arise, and the Treasurer will report on this as part of their duties under Section 25 of the Local Government Act 2003 when the 2024/25 budgets are set in February 2023.
- 4.2 There remains significant pressure on budgets going forward. It is anticipated that the service will need to identify savings to balance the budget in future years.
- 4.3 The total value of the Authority's reserves on 1 April 2024 is expected to be in the region of £9.4m.
- 4.4 The expected level of General Fund Reserves as at 1 April 2024 is expected to be in the region of £5.0m, which exceeds the £4.1m minimum level identified for 2024/25 by £0.9m.

4.5 Earmarked Reserves are expected to be in the region of £4.4m at 1 April 2024. These are expected to be fully spent by the end of 2027/28 with the exception of ESN project related reserves due to the national project being put on hold. It is likely that additional reserves will be created during this period due to ongoing receipts of grant.

4.6 £485k of earmarked reserves have been identified for reallocated to:

- Replacement Mobilising System £475k;
- Efficiency Programme £10k.

2024/25 General Fund Risk Analysis

Appendix A

Risk No	Risk Description	Risk Effect	Control Measures	2024/25 Risk Value	2024/25 Risk Factor Reflecting Frequency	2024/25 Reserve Required
1	Pay awards agreed at higher rate than budget	Additional costs. Reserve covers 2% over rate included in budget.		1,000,000	0.75	750,000
2	Pension issues - McCloud / Matthews / cost cap judicial review / scheme valuation	Additional costs may fall to Fire Authority. Difficulty in recruiting sufficiently skilled resources.	Working closely with LGA / Pension Scheme Administrators and other Authorities to ensure consistent approach.	1,000,000	0.4	400,000
3	Risk of significant overspend against budgets due to price increases, undeliverable savings, supply chain issues, fixed price external contracts failing to deliver and potential requirement for market supplement to recruit staff.	Overspend against revenue budget in year which will have effect of reducing general reserves by the amount of the overspend	Regular budget monitoring which allows early identification of problems and corrective action to be undertaken.	1,000,000	0.4	400,000
4	Legal challenges and discretionary compensation awards or litigation	Reputational damage; Legal costs, employment tribunal costs unbudgeted	Professional HR advice, policies, procedures, management training, legal advice	1,200,000	0.3	360,000
5	Unanticipated loss of income eg from withdrawal of one off grants / impact of one year settlement	Timings of budget process may not allow sufficient time to plan for such changes	Network of Chief Financial Officers keep abreast of developments. Futures 25 efficiency programme identifying a range of potential savings.	1,000,000	0.3	300,000

Risk No	Risk Description	Risk Effect	Control Measures	2024/25 Risk Value	2024/25 Risk Factor Reflecting Frequency	2024/25 Reserve Required
6	Replacement Mobilising System failure to deliver new system on time and on budget.	Could result in significant costs until replacement system successfully installed	Currently highest risk on corporate risk register. Project being carefully managed and monitored by strategic leadership team and Policy and Strategy Committee.	1,000,000	0.25	250,000
7	Inability to set a balanced budget	Budget set by Fire Authority is not in balance and reserves required to fund expenditure.	Improved funding position. Futures 25 programme of savings. Earmarked Reserve provision. Adequate reserves held for short term funding if required.	500,000	0.5	250,000
8	Redundancies due to current and on-going financial constraints, if savings cannot be found from elsewhere	One-off cost of redundancy payment and potential pension strain is too high a cost to budget for within the revenue budget	Business case and payback period. Limited sum included in Earmarked Reserves for Efficiency Related programme but this may not be sufficient.	500,000	0.5	250,000
9	Business failure of bank or investment counterparty	Loss of working capital or investment funds up to £2m	Treasury management strategy, risk analysis of investment options and counterparties	2,000,000	0.1	200,000
10	Availability of resources - loss of key resources - premises, equipment, ICT systems, communication channels due to cyber attack, availability of spare parts, mechanical failure etc	Loss of use; cost of rectifying defect if beyond warranty	BCM, Disaster management plan, Mutual assistance, robust and routine fleet inspections. Maintenance contract. Replacement vehicle programme.	500,000	0.4	200,000

Risk No	Risk Description	Risk Effect	Control Measures	2024/25 Risk Value	2024/25 Risk Factor Reflecting Frequency	2024/25 Reserve Required
11	Discovery of major property structural problem that restricts / prevents use of all or part of building(s)	Loss of use; cost of repair; impairment to operational effectiveness	Continuity plans. Ongoing capital programme. Maintenance and repair programme included in revenue budgets.	900,000	0.2	180,000
12	Local/national industrial dispute	Potential loss of service; risk of non compliance with statutory duties and ensuing legal case / fines; selective industrial action may not result in sufficient underspend to cover additional costs. Potential ministerial intervention and ensuing reputational damage.	Resilience arrangements in place which has reduced the risk of needing additional cover. High inflation increases risk of pay dispute along with minimum service level legislation.	300,000	0.5	150,000
13	Severe weather related incidents	Increased retained call-outs	Bellwin scheme.	300,000	0.4	120,000
14	Collaboration unforeseen costs	With several collaboration projects being undertaken there is a potential pressure to increase costs to reflect inflationary pressures / increased capital costs / change in needs	Effective planning and identification of costs at the outset of the project	400,000	0.2	80,000
15	Unforeseen general change in legislation / Major incident Reviews	Increased costs of working due to doing more or doing things differently & costs of training	Awareness	300,000	0.2	60,000
16	Major ongoing incident such as pandemic which affects Business Continuity Management (BCM)	Ongoing significant additional costs to ensure critical capability maintained.	Robust BCM arrangements. Pandemic plan. Potential additional government grant. Reduced activity elsewhere across the service may result in savings which can be	500,000	0.1	50,000

Risk No	Risk Description	Risk Effect	Control Measures	2024/25 Risk Value	2024/25 Risk Factor Reflecting Frequency	2024/25 Reserve Required
			redirected.			
17	Insurance receipts may not cover replacement cost of assets	Impact on budget if replacement cost of asset exceeds income from insurance claim. Cost of any interim arrangements	Budgets cover excess costs.	150,000	0.3	45,000
18	Breach of data security	Loss of confidential data; Information Commission fines	Security measures monitored and reviewed. Internal training programme.	150,000	0.25	37,500
19	HSE interventions	Cost of remedial measures; cost of fine; fees for HSE intervention, indirect costs of covering internal resources used to investigate the issue etc.	Operating procedures; training; written safety policy; risk assessments	300,000	0.1	30,000
20	Natural disasters/ multiple large incidents requiring Bellwin support	Reduction in capability to respond	Multi-agency plans; New Dimensions equipment; BCM plans; Response degradation policy; Mutual Aid	100,000	0.3	30,000
	TOTALS					4,142,500

Earmarked Reserve Position 2023/24 to 2026/27

Appendix B

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	Balance 01-Apr-23 £	Required 2023/24 £	Reallocated 23/24 £	Estimated Balance 31-Mar-24 £	Required 2024/25 £	Required 2025/26 £	Required 2026/27 £	Balance 31-Mar-27 £
Prevention Protection and Partnership								
Safe as Houses	13,685	-7,044		6,641	-6,641			0
Community Safety - Innovation Fund	39,500			39,500	-20,000	-19,500		0
Grenfell Infrastructure Fund	16,582			16,582	-16,582			0
Fire Protection Funding / Uplift grant	128,984	-56,378		72,606	-72,606			0
Fire Cadets Project - Duke of Edinburg	18,918	-500		18,418	-9,000	-9,418		0
Accreditation, Recognition & Prior Learning	19,099			19,099	-19,099			0
Children's Home Safety Equipment Scheme	42,363			42,363	-42,363			0
Sub Total	279,132	-63,922	0	215,210	186,291	28,918	0	0
Resilience								
New Threats / MTFA	35,536			35,536	-35,536			0
Sub Total	35,536	0	0	35,536	-35,536	0	0	0
ICT								
Systel Security PSN Work (NFRS)	266,370			266,370				266,370
ESN (Regional)	100,617			100,617				100,617
ESN RAP Work (NFRS)	348,817			348,817				348,817
ESN Control Room ICT	20,100			20,100				20,100
Systel Airwave ESN Transition (NFRS)	173,184			173,184				173,184
ESN - Notts Local Transition Fund (NFRS)	12,368			12,368				12,368
Delivery of ESN – Additional funding (NFRS)	77,000			77,000				77,000
ESN Sub Total	998,455			998,455				998,455
WIFI Enhancement - Local Resilience Forum	2,701			2,701	-2,701			0
CFRMIS Project	55,395			55,395	-55,395			0

	Balance 01-Apr-23 £	Required 2023/24 £	Reallocated 23/24 £	Estimated Balance 31-Mar-24 £	Required 2024/25 £	Required 2025/26 £	Required 2026/27 £	Balance 31-Mar-27 £
Additional iTrent Support	32,529	-15,529		17,000	-17,000			0
Business System Development	58,818	-58,818		0				0
ICT Subtotal	1,147,898	-74,347	0	1,073,551	-75,096	0	0	0
Operational								
Operational Equipment	19,992	-5,000		14,992	-5,000	-5,000	-4,992	0
Tri Service Control / Mobilising System	349,836		-349,836	0				0
Tri Service Control - Mobile Data Terminals	100,000			100,000	-100,000			0
Replacement Mobilising System	619,155	-602,028	474,796	491,923	-491,923			0
Fire Cover Review	10,000		-10,000	0				0
On Call Pay and Contracts	48,320			48,320	-48,320			0
Rostering project	27,291	-5,000		22,291	-22,291			0
Sub Total	1,174,594	-612,028	114,960	677,525	-667,534	-5,000	-4,992	0
Estates								
Bestwood Lodge Security	62,000	-20,000		42,000	-42,000			0
Remedial Fire Risk Assessment	30,000		-30,000	0				0
Headquarters Move	48,780		-48,780	0				0
Sub Total	324,765	0	0	324,765	-260,000	-64,765	0	0
Pensions								
Fire Pension Admin Grant	124,765			124,765	-60,000	-64,765		0
McCloud Pension Remedy	200,000			200,000	-200,000			0
Sub Total	324,765	0	0	324,765	-260,000	-64,765	0	0
Other								
Covid-19 2019/20 unused grant	14,906	0	-14,906	0				0
Redmond Review Grant	25,928	0		25,928				25,928
Joint HQ Comms officer	1,250	0	-1,250	0				0

	Balance 01-Apr-23 £	Required 2023/24 £	Reallocated 23/24 £	Estimated Balance 31-Mar-24 £	Required 2024/25 £	Required 2025/26 £	Required 2026/27 £	Balance 31-Mar-27 £
External Evaluations	32,075			32,075	-32,075			0
Occupational Therapist	103,908	-20,204		83,704	-34,636	-34,636	-14432	0
Budget Pressures Support	1,126,076			1,126,076	-1,000,000	-126,076		0
Efficiency Programme	900,000	-193,197	10,000	716,803	-358,000	-358,803		0
ICT Subtotal	2,204,143	-213,401	-6,156	1,984,586	-1,424,711	-519,515	-14,432	25,928
Innovation								
Transformation and Collaboration	30,024		-30,024	0				0
Sub Total	30,024	0	-30,024	0	0	0	0	0
Total	5,336,871	-983,698	0	4,353,173	-2,619,168	-618,198	-19,424	1,024,383

DETAILS ON INDIVIDUAL RESERVES

Details on the individual reserves in Appendix B can be found below.

Safe as Houses

This reserve provides funding for equipment to help deliver safe and well checks.

Community Safety Innovation Fund

This grant enables the Authority to work very closely with partner agencies to identify and address risk with the aim of reducing fires in vulnerable groups. An example of this work is where an Environmental Health officer has been seconded to the Authority to work alongside our Fire Prevention Officers to ensure that the assistance provided is the most effective available.

Fire Protection Funding / Grenfell Infrastructure Fund / Accreditation, Recognition and Prior Learning

These grants have been provided to help the service address the recommendations coming out of the Grenfell Tower Inquiry and subsequent Hackitt review.

Fire Cadets Project

This reserve supports the work the service does with cadets. A joint cadet scheme with the police is in its early stages and the funding will be used to support the programme.

Home Safety Equipment Scheme

When undertaking safe and well visits, staff frequently replace equipment that represents a fire hazard within the home. This grant helps cover costs that cannot be met from within current budgets.

Emergency Services Network (ESN) Reserves These reserves relate to ESN grant that has been awarded but not spent due to the delays in the national project. There are also some smaller reserves created to fund expenditure funded directly by the Authority. The ESN project has now been put on hold by the government and further spending is not expected until the project recommences.

Business Systems Development

This reserve has been set aside for iTrent and Agresso software development. This will be needed to update both systems to improve electronic workflows, thus reducing on the manual input required.

Tri Service Control / Regional Mobilising System

This is funding that was set aside to make continuing improvements to the control software installed as part of a joint project with Derbyshire and Leicestershire Fire Authorities. With the contract now coming up for renewal, and Leicestershire Fire Authority's withdrawal from the project, the improvements to the original system will not take place and the funding will be used towards the implementation costs of a new system. Underspend from other reserves will be used to top up this reserve to £1.094m

Mobile Data Terminals

This reserve was created to help address the MDT issues raised in the first inspection report. The funding is expected to be needed to fund capital expenditure in 2024/25.

Fire Cover Review

This reserve has been set aside to cover costs related to delivering the Futures 25 Efficiency Strategy in 2024/25 and is proposed to be relocated to the Efficiency Programme reserve.

Transformation and Collaboration Reserve

This was a reserve created to support transformation via the Community Risk Management Plan. There have been underspends on the projects which can now be re-allocated.

Headquarter Move

This reserve was set aside to cover unforeseen costs relating to the HQ move. The underspends on this reserve are available for re-allocation at year end.

Covid-19 2019/20 unused grant

There is a small element of covid grant left which related to ongoing employee costs used to catch up on the backlog of work following the various lockdowns. The underspends on this project are now available for re-allocation.

Redmond Review Grant

This was new burdens grant received to help mitigate the increasing costs of external audit which is on-going.

Budget Pressures Support

This reserve was created to protect the service from significant budget deficits from 2024/25 onwards, due to funding not being expected to match pay and inflation increases in costs.

Efficiency Programme

This reserve has been created to fund work required to deliver the Futures 25 Efficiency programme. Underspends from other reserves will be used to top up this reserve to £910k.



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

TREASURY MANAGEMENT MID-YEAR REVIEW 2023/24

Report of the Treasurer

Date: 15 December 2023

Purpose of Report:

To provide Members with an update on treasury management activity during the first half of the 2023/24 financial year.

Recommendations:

That Members note the update on treasury management activity during the 2023/24 financial year as required under the Local Government Act 2003.

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1. BACKGROUND

1.1 The Fire Authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return. The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer term cash flow planning to ensure the Authority can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Authority risk or cost objectives.

1.2 Accordingly, treasury management is defined as:

“The management of the Authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.3 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Treasury Management (the Code) was adopted by the Fire Authority on 9 April 2010. The Code was last revised in 2021. The primary requirements of the Code are as follows:

1. The creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Authority's treasury management activities.
2. The creation and maintenance of Treasury Management Practices which set out the manner in which the Authority will seek to achieve those policies and objectives.
3. Receipt by the Fire Authority of an annual Treasury Management Strategy Statement for the year ahead, a mid-year review report and an annual report covering activities during the previous year. Quarterly reports are also required. These reports, which monitor and update the Treasury/Prudential indicators, are presented to the Finance and Resources Committee.
4. Delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. This Authority delegates the role of scrutinising the treasury management strategy and policies to the Finance and Resources Committee.

1.4 This mid-year report has been prepared in accordance with the Code, and covers the following:

- An economic update for the first half of the 2023/24 financial year
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy
- The Authority's capital expenditure, as set out in the Capital Strategy, and prudential indicators
- A review of the Authority's investment portfolio for 2023/24
- A review of the Authority's borrowing strategy for 2023/24
- A review of any debt rescheduling undertaken in 2023/24
- A review of compliance with Treasury and Prudential Limits for 2023/24.

1.5 The Authority has appointed Link Asset Services as its external treasury management adviser.

1.6 The Code also requires that the Authority prepares a Capital Strategy which provides the following:

- A high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- An overview of how the associated risk is managed
- The implications for future financial sustainability

The Capital Strategy forms part of the Medium Term Financial Strategy which is also on this agenda.

2. REPORT

ECONOMIC UPDATE

- 2.1 Interest rates rose by a further 100 basis points during the first half of 2023/24, taking the bank rate from 4.25% to 5.25%. It is possible that this could be the peak in the interest rate cycle.
- 2.2 Short, medium and long-dated gilts remained elevated as inflation also remained higher than expected. This directly affects the PWLB borrowing rates which are available to the Authority. The yield on 10-year gilts fell from a peak of 4.74% on 17 August to 4.44% on 29th September, mainly due to investors revising down their interest rate expectations. Even after this recent pullback, the rise in gilt yields has exceeded the rise in most other developed market government yields since the start of the year. Looking forward, once inflation falls back then gilt yields will reduce further.
- 2.3 There was a 0.5% m/m decline in real GDP in July, mainly due to more working days being lost as a result of strike action.
- 2.4 CPI inflation fell from 8.7% in April to 6.7% in August. This was its lowest rate since February 2022, but still the highest in the G7.

- 2.5 Core inflation (excluding energy, food, alcohol and tobacco) declined to 6.2% in August from the 31 year high of 7.1% seen in April and May.
- 2.6 The tightness of the labour market continues to ease, with employment levels falling and the number of job vacancies declining. This hasn't yet fed through into an easing in wage growth, which remains above the levels predicted by the Bank of England.
- 2.7 As the growing drag from higher interest rates intensifies over the coming months the economic advisors at Link believe that the economy will continue to lose momentum and could fall into a mild recession. The phasing out of financial support packages provided by the government during the energy crisis, together with the impact of sustained higher interest rates on mortgage holders, means that real incomes are unlikely to grow strongly, despite strong wage growth.

INTEREST RATE FORECASTS

- 2.8 The Authority's treasury advisors regularly provide interest rate forecasts. The latest forecast sets out a view that short, medium and long-dated interest rates will be elevated for some time as the Bank of England seeks to bring inflation under control. The PWLB forecasts below are based on the certainty rate which has been available to the Authority since November 2012.

Link Group Interest Rate View 07/11/2023													
	Dec 2023 %	Mar 2024 %	Jun 2024 %	Sep 2024 %	Dec 2024 %	Mar 2025 %	Jun 2025 %	Sep 2025 %	Dec 2025 %	Mar 2026 %	Jun 2026 %	Sep 2026 %	Dec 2026 %
Bank Rate	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month average earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month average earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month average earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY UPDATE

- 2.9 The Treasury Management Strategy, including the Annual Investment Strategy, was approved by Fire Authority Members on 24 February 2023. No changes to the Strategies are proposed at this time.

CAPITAL EXPENDITURE

- 2.10 This table shows the revised estimates for capital expenditure and changes to the capital programme since the budget was agreed on 24 February:

	2023/24 Original Budget £'000	2023/24 Revised Budget £'000	2023/24 Forecast outturn £'000
Transport	4,621	4,641	4,641
Equipment	150	212	112
Estates	1,075	1,497	1,447
IT & Communications	490	2,233	2,250
Total Capital Expenditure:	6,336	8,583	8,450
Financed by:			
Capital grants	0	12	12
Capital receipts	3,310	3,310	3,310
Revenue contributions to capital and earmarked reserves	0	10	10
Borrowing	3,026	5,251	5,118
Total:	6,336	8,583	8,450

The movement between the original and revised budgets is due to capital slippage which has been documented in previous reports and approved by Members.

REVIEW OF PRUDENTIAL INDICATORS FOR THE CAPITAL FINANCING REQUIREMENT (CFR), EXTERNAL DEBT AND THE OPERATIONAL BOUNDARY

- 2.11 The table below shows the CFR, which is the underlying external need to incur borrowing for capital purposes. It also shows the expected debt position over the period, which is termed the Operational Boundary.

	2023/24 Original Estimate £'000	Current position £'000	2023/24 Revised Estimate £'000
Prudential Indicator - Capital Financing Requirement			
Opening CFR	31,680	30,533	30,533
Net movement during the year	(1,034)	786	5,118
Closing CFR	30,646	31,319	35,651
Prudential Indicator – the Operational Boundary			
Borrowing	36,901	32,900	35,400

A key control over treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for capital purposes. Gross external borrowing should not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the next two financial years. This allows

some flexibility for limited early borrowing for future years. The Authority has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

REVIEW OF THE AUTHORISED LIMIT

- 2.12 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited. It is set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term but is not sustainable in the longer term. It is the expected maximum borrowing with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Authorised Limit for 2023/24 has been set at £41,591,000. There is no need for this limit to be revised.

REVIEW OF THE BORROWING STRATEGY

- 2.13 The strategy for 2023/24 is to use a combination of capital receipts, borrowing and internal funds to finance capital expenditure. The capital programme is being kept under review due to the effects of inflationary pressures and long lead times due to shortages of materials and labour. The borrowing strategy will therefore also be regularly reviewed and revised if necessary in order to achieve optimum value and risk exposure in the long term.
- 2.14 In the Treasury Management Strategy it was predicted that the Authority would need to borrow up to £6m during the 4 year period from 1 April 2023 to finance the capital programme and replace £3m of maturing loans.
- 2.15 PWLB rates have been on a generally rising trend throughout the first half of 2023/24. At the beginning of April, the 5-year rate was the cheapest part of the curve and reached 4.14%, whilst the 25-year rate was relatively expensive at 4.58%. July saw short-dated rates peak at their most expensive. The 1-year rate spiked to 6.36% and the 5% rate to 5.93%. Although short-dated rate expectations then fell, the medium dated shifted higher through August as the 10-year rate reached 5.51% and the 25-year rate reached 5.73%. The 50-year rate was 4.27% at the beginning of April but rose to 5.45% on 28 September. Rates are expected to fall back over the next two to three years as inflation dampens.
- 2.16 The Authority's capital financing requirement (CFR) as of 31 March 2023 was £30.53m, and the revised estimate for 2023/24 is £35.65m. The CFR denotes the Authority's underlying need to borrow for capital purposes. Current borrowing stands at £32.90m and £3m of this is due to be repaid in March 2024.
- 2.17 No rescheduling of debt has been undertaken during the first half of the financial year. Debt rescheduling opportunities have increased over the course of the last six months and will be considered if they give rise to long-term savings.

- 2.18 The Authority holds a £4m Lender Option Borrower Option (LOBO) loan. This means that on 7 March 2013 and on that anniversary every five years, the lender may revise the interest rate, which is currently 4.13%. The Authority may choose to repay the loan without penalty if the amended interest rate is not advantageous. The next opportunity for a revision of the interest rate is 7 March 2028.
- 2.19 All aspects of the borrowing strategy remain in place at this mid-point in the year.

ANNUAL INVESTMENT STRATEGY

- 2.20 The Treasury Management Strategy for 2023/24 includes the Annual Investment Strategy. In accordance with the CIPFA Treasury Management Code of Practice, it sets the Authority's investment priorities as being:
- Security of capital
 - Liquidity
 - Yield
- 2.21 The Authority's priority is to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with its risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs.
- 2.22 Following the Government's fiscal event on 23 September 2022, both S&P and Fitch have placed the UK sovereign rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and the economic outlook. The Authority's Annual Investment Strategy allows for the continued use of UK counterparties even though the current UK sovereign credit rating of AA- falls below the required minimum rating of AA, subject to other creditworthiness criteria. A list of approved countries for investments can be found in Appendix A.
- 2.23 The current investment counterparty criteria selection approved in the Treasury Management Strategy is meeting the requirement of the treasury management function.
- 2.24 Investments at 30 September 2023 totalled £15.5m, £13.5m of which were held with UK banks or building societies with the remaining £2m being held with a German bank. A list of investments can be found in Appendix B. Investment rates are monitored within the benchmarking group supported by Link Asset Services. The group consists of 15 members, including NFRS. The latest report (September 2023) showed NFRS's weighted average rate of return to be 5.02% compared with a group average of 5.17%.
- 2.25 The Authority has adopted a liquidity benchmark, which is a WAL (Weighted Average Life) of approximately 3 months and recommended maximum WAL

limit of 0.40 years. The current WAL of 71 days is around 2.3 months, meaning that the portfolio has a higher level of liquidity.

- 2.26 The Authority's yield benchmark is for investment returns to be above the 3 month SONIA (Sterling Overnight Index Average)compounded rate. At 29 September the 3 month SONIA compounded rate was 5.117% The Authority's weighted average rate of return is below this largely because the WAL of its portfolio is less than 3 months.
- 2.27 The approved limits within the Authority's Annual Investment Strategy have not been breached during the period from 1 April 2023 to 30 September 2023.
- 2.28 The Authority's original budget for investment interest for 2023/24 was £138.3k, but this has been increased to £374.3k following the approval of a virement by members of the Finance and Resources Committee on 20th October. The forecast outturn for the 2023/24 financial year is £374.4k. Returns have increased significantly due to the increases in bank rate. For comparison, the investment income received in 2022/23 was £219.9k.

REVIEW OF COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

- 2.29 It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2023 the Authority has operated within the treasury and prudential indicators set out in the 2023/24 Treasury Management Strategy. The Head of Finance reports that no difficulties are envisaged for the current or future years with complying with these indicators. All treasury management operations have been conducted in full compliance with the Authority's Treasury Management Practices.

Treasury or Prudential Indicator or Limit	Approved for 2023/24	Estimate as at 30/09/23
Maximum ratio of Financing Costs to Net Revenue Stream	8.0%	Not exceeded
Estimate of Ratio of Financing Costs to Net Revenue Stream	5.6%	Not available until year end
Estimate of Total Capital Expenditure to be Incurred	£3,995,000	£8,450,000
Estimate of Capital Financing Requirement	£30,646,000	£35,651,000
Operational Boundary	£36,901,000	Not exceeded
Authorised Limit	£41,591,000	Not exceeded
Upper limit for fixed rate interest exposures	100%	100%
Upper limit for variable rate interest exposures	30%	0%
Loan Maturity:	<u>Limits:</u>	<u>Actual as at 30/09/23</u>
Under 12 months	Upper 20% Lower 0%	9%
12 months to 5 years	Upper 30% Lower 0%	6%

5 years to 10 years	Upper 75% Lower 0%	5%
10 years to 20 years	Upper 100% Lower 0%	12%
Over 20 years	Upper 100% Lower 30%	68%
Upper Limit for Principal Sums Invested for Periods Longer than 364 Days	£2,000,000	Not applicable

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 or learning and development implications arising from this report.

5. EQUALITIES AND ETHICAL IMPLICATIONS

An equality impact assessment has not been undertaken because this report gives a review of activities rather than introducing a new policy.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

There are not environmental and sustainability impacts arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising directly from this report, other than the requirement to act within the Authority's powers when undertaking treasury management borrowings and investments.

8. RISK MANAGEMENT IMPLICATIONS

Risk management is a key aspect of treasury management, and the Treasury Management Strategy sets out the parameters within which activities will be carried out with a view to managing credit risk, liquidity risk, re-financing risk and market risk. The Authority has approved a prudent approach to treasury management and this report allows Members to review how well risks have been managed during the year.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

That Members note the update on treasury management activity during the 2023/24 financial year as required under the Local Government Act 2003.

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

None.

Mark Kimberley
TREASURER TO THE FIRE AUTHORITY

Approved Countries for Investments as of 30th September 2023

*Based on lowest available rating***AAA**

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)

AA-

- U.K.

Investments held as of 30 September 2023

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
Lloyds Bank Plc (RFB)	4,000,000	5.14%		Call1	A+	0.000%
Nationwide Building Society	1,000,000	3.40%		Call1	A	0.000%
Barclays Bank Plc (NRFB)	2,000,000	4.45%		Call32	A+	0.004%
Landesbank Hessen-Thüringen Girozentrale (Helaba)	2,000,000	5.44%	31/07/2023	30/11/2023	A+	0.008%
Goldman Sachs International Bank	2,000,000	5.76%	31/07/2023	15/12/2023	A+	0.009%
Goldman Sachs International Bank	1,500,000	5.79%	31/07/2023	28/12/2023	A+	0.011%
Nationwide Building Society	500,000	4.35%		Call95	A	0.012%
Santander UK PLC	2,500,000	4.68%		Call95	A	0.012%
Total Investments	£15,500,000	5.02%				0.006%

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

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NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

APPOINTMENT TO THE POST OF ASSISTANT CHIEF FIRE OFFICER

Report of the Chair of the Appointments Committee

Date: 15 December 2023

Purpose of Report:

To present Members the outcome of the recent selection process to the role of Assistant Chief Fire Officer by the Appointments Committee.

Recommendations:

It is recommended that Members:

- Appoint Area Manager Sharman substantively to the role of Assistant Chief Fire Officer effective from 15 January 2024.
- Appoint Area Manager Berry to the role of temporary Assistant Chief Fire Officer effective from 15 January 2024 until May 2024.

CONTACT OFFICER

Name : Craig Parkin
Chief Fire Officer

Tel : 0115 8388100

Email : craig.parkin@notts-fire.gov.uk

Media Enquiries Contact : Corporate Communications Team
0115 8388100 corporatecomms@notts-fire.gov.uk

1. BACKGROUND

- 1.1 This report follows the decision of Assistant Chief Fire Officer (ACFO) Brudenell to retire from Nottinghamshire Fire and Rescue Service and the requirement to recruit to a substantive replacement.
- 1.2 The Appointments Committee of the Fire Authority concluded an extensive selection process on 1 December 2023 and this report presents the recommendation of the Appointments Committee to the role and seeks the support and endorsement of the Fire Authority for the recommendations as outlined.

2. REPORT

- 2.1 The selection process for the ACFO has been extensive and involved the convening of the Appointments Committee to assess the candidates and provide recommendations to the full Fire Authority.
- 2.2 Once again the Service commissioned RealWorldHR to support the process and maximise the exposure for the vacancy and thereby attract greater interest from a wide range of candidates. A previous procurement exercise was conducted from which RealWorldHR were the preferred supplier, with costs continuing to be covered within the allocated budget.
- 2.3 The selection process involved applicant screening, initial interviews, profiling, media exercise, strategic decision making exercise, stakeholder panel interview, report, presentation and Member panel interview.
- 2.4 The Appointments Committee was convened 1 December 2023 and following the process, the Committee came to the unanimous decision that Area Manager (AM) Sharman should be offered the post of ACFO with effect from 15 January 2024.
- 2.5 Due to the strategic lead role as a temporary ACFO between Derbyshire and Nottinghamshire Fire and Rescue Services, AM Sharman will remain in post until May 2024 to support a smooth transition and mitigate any areas of risk, particularly with regards to the replacement mobilising system project.
- 2.6 For the intervening period of January until May 2024 following the retirement of ACFO Brudenell and transition of AM Sharman to the substantive role, it is proposed AM Berry is promoted to temporary ACFO, providing strategic leadership and given both are internal candidates, the appointments provide continuity and resilience for the Service.

3. FINANCIAL IMPLICATIONS

- 3.1 The salary range for the ACFO post is £117,650 to £130,720 (90 – 100%). Appointment to posts would normally commence at the 90% point and increase proportionally over two years. However, AM Shaman is already on the 95% point (£124,186) due to the tenure of his temporary period of promotion and will now be reflected in terms of pension.
- 3.2 The ACFO post for the replacement mobilising system is funded 50% by Derbyshire Fire and Rescue Service, and the additional cost on the budget for Nottinghamshire Fire and Rescue Service is the difference of ACFO and AM, £27,452 PA. This additional cost can be met within the overall pay budget.
- 3.3 Area Manager Berry will commence at the 90% salary point (£117,650) with salaries being covered within the overall pay budget.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

Subject to approval of the Fire Authority, induction and development plans to support transition and future continuing professional development will be delivered in line within the Service's Leadership Framework overseen by the Chief Fire Officer.

5. EQUALITIES AND ETHICAL IMPLICATIONS

An equality impact assessment has not been undertaken as this report does not change policy or services to the community.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

There are no environmental or sustainability implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

The substantive appointment to the ACFO role of AM Sharman provides continuity in the Service's leadership, and succession planning from the temporary promotion of AM Berry will maintain focus on day to day delivery of services and provide additional resilience, thereby mitigating risk exposure.

9. COLLABORATION IMPLICATIONS

Collaboration has been achieved by access to external expertise and increased the initial field of applicants to ensure a competitive process for the Appointments Committee. This collaboration will now be subject to debrief and review to inform any future opportunities for collaboration.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Appoint Area Manager Michael Sharman substantively to the role of Assistant Chief Fire Officer effective from 15 January 2024.
- 10.2 Appoint Area Manager Leila Henry to the role of temporary Assistant Chief Fire Officer effective from 15 January 2024 until May 2024.

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

None.

Councillor Michael Payne
CHAIR OF THE APPOINTMENTS COMMITTEE



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Fire and Rescue Authority

APPOINTMENT OF TREASURER AND HEAD OF FINANCE TO THE AUTHORITY

Report of the Chair of the Appointments Committee

Date: 15 December 2023

Purpose of Report:

To update Members on the outcome of the selection process by the Appointments Committee for the role of Treasurer and Head of Finance role to the Fire Authority and seek to endorse the reports recommendations.

Recommendations:

It is recommended that Members:

- Endorse the Service Level Agreement with Nottinghamshire Police for support in the provision of Treasurer to satisfy the statutory duties of the Fire Authority.
- Endorse the recommendation of the Appointments Committee to substantiate Beverley Bull as the Head of Finance and Treasurer to the Fire Authority with effect from 04 March 2024.

CONTACT OFFICER

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0115 8388100 corporatecomms@notts-fire.gov.uk

1.BACKGROUND

- 1.1 This report follows the decision of the previous Head of Finance and Treasurer to leave Nottinghamshire Fire and Rescue Service for a new opportunity in early November 2023. Treasurer support to the Fire Authority is being provided in collaboration with Nottinghamshire Police as an interim arrangement, whilst the Head of Finance function is being fulfilled through interim acting up arrangements within the Finance team.
- 1.2 The Appointments Committee of the Fire Authority completed a selection process and this report presents the recommendation to appoint Beverley Bull to the role and seek the support and endorsement of the Fire Authority.

2. REPORT

- 2.1 Within the Authority constitution, the role of Treasurer is appointed by the Fire Authority. It is independent of the Chief Fire Officer and Monitoring Officer and is directly accountable to the Authority. This is therefore reflected in the local governance arrangements.
- 2.2 Following the resignation of the previous Treasurer and Head of Finance, the Chief Fire Officer, in consultation with the Chair of the Fire Authority, Chair of the Finance and Resources Committee and Clerk, agreed that interim Treasurer arrangements would be required as the timescales fell outside the normal committee reporting cycles to appoint substantively to the role.
- 2.4 On behalf of the Fire Authority, the Chief Fire Officer consulted with the Chief Constable and the interim arrangements can run in to 2024, subject to review and the substantive onboarding process being completed and offers additional resilience to the Authority.
- 2.5 The Chief Fire Officer will manage the role on a day-to-day basis, however, to maintain independence, primary accountability on all financial matters will be to the Authority.
- 2.6 The current cost of the service level agreement is set at £10k, and it has been agreed, subject to approval today.
- 2.7 Following the conclusion of the Appointments Committee, the unanimous recommendation to the full Fire Authority is to endorse the appointment of Beverley Bull to the role, effective from 04 March 2024.
- 2.8 The start date for employment with the Fire Authority reflects the current employer's required notice period, with pre-employment checks and vetting already completed. Funding for the interim arrangements are detailed within Section 3 of this report.

3. FINANCIAL IMPLICATIONS

The current allocated budget for the service level agreement is £10k. This will be covered within the existing Service budgets.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

Subject to approval of the Authority, Beverley Bull will have an induction and development plan to support transition to the Service and Authority, overseen by the Chief Fire Officer.

5. EQUALITIES AND ETHICAL IMPLICATIONS

There are no equalities or ethical implications arising from this report.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

There are no environmental or sustainability implications arising from this report.

7. LEGAL IMPLICATIONS

- 7.1 The role of Treasurer is defined in the Local Government Act 1972, and relevant areas are clearly reflected in the new job description and contract of employment.
- 7.2 The appointment referred to in this report will assist in ensuring that the Authority is compliant with the legal requirements set out in the legislation with regards to proper management and monitoring of its' financial affairs.

8. RISK MANAGEMENT IMPLICATIONS

There are no risk management implications arising from this report.

9. COLLABORATION IMPLICATIONS

The arrangements outlined in this report continue to support the collaborative activity undertaken in conjunction with Nottinghamshire Police and will be subject to review on behalf of all parties.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Endorse the Service Level Agreement with Nottinghamshire Police for support in the provision of Treasurer to satisfy the statutory duties of the Fire Authority.
- 10.2 Endorse the recommendation of the Appointments Committee to substantiate Beverley Bull as the Head of Finance and Treasurer to the Fire Authority with effect from 04 March 2024.

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

None.

Councillor Michael Payne
CHAIR OF THE APPOINTMENTS COMMITTEE



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PRINCIPAL OFFICER PAY REVIEW

Report of the Clerk and Treasurer to the Fire and
Rescue Authority

Date: 15 December 2023

Purpose of Report:

To consider the outcomes from the Principal Officer pay review which is undertaken on a two-yearly basis, and seeks a recommendation to the Fire Authority in line with the Authority's Pay Policy.

Recommendations:

That Members consider the information contained within the report and support a recommendation that pay levels for Principal Officer roles are maintained at their current rate.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 The conditions of service for Principal Officers within Nottinghamshire Fire and Rescue Service (NFRS) are largely determined by the National Joint Council (NJC) for Brigade Managers of Local Authority Fire and Rescue Services. The NJC seeks to reach agreement on a national framework of pay and conditions for Brigade Managers for local application throughout the fire and rescue services in the UK. Collectively the agreements are contained within the “Gold Book”.
- 1.2 The Gold Book makes the following statements with regard to salary and also gives advice and guidance to Authorities on pay determination, as attached at Appendix A to this report:

“The NJC will publish annually recommended minimum levels of salary applicable to Chief Fire Officers employed by Local Authority Fire and Rescue Authorities.

There is a two-track approach for determining pay for Brigade Manager roles:

- (i) at a national level, the NJC shall review annually the level of pay to all of those covered by this agreement;
 - (ii) all other decisions about the level of pay and remuneration to be awarded to individual Brigade Manager roles will be taken by the Fire Authority locally who will annually review those salary levels” – advice on other considerations when setting salary levels has also been provided by the NJC and is included within Appendix A.
- 1.3 At its meeting on 31 January 2014, the Policy and Strategy Committee agreed revised benchmarking arrangements as part of its local review of Chief Officer pay. The comparator group comprised of fire and rescue services who form the “Family Group” of authorities who are similar to the Nottinghamshire Fire and Rescue Service in terms of population size, deprivation levels, risk area and total fire calls. In determining its decision on an appropriate pay level, it was agreed that consideration would be given to the median average salary of this review group. Those fire and rescue authorities who make up the Family Group are set out at Appendix B.

2. REPORT

- 2.1 In accordance with the Authority’s published Pay Policy, Principal Officer salary levels are reviewed in line with national pay agreements on an annual basis and are subject to local review every two years.
- 2.2 The salaries applied to Principal Officers below the level of Chief Fire Officer are based upon a % of the Chief Officer salary, as follows:

- Assistant Chief Fire Officer – 75%

2.3 Additionally, appointments to new Principal Officer roles are applied as follows:

Year One: 90% of full pay
 Year Two: 95% of full pay
 Year Three: 100% of full pay

Approval for progression between the pay points are subject to confirmation of satisfactory performance in role and are confirmed by the Chair of the Fire Authority (Chief Fire Officer) or by the Chief Fire Officer (Assistant roles).

2.4 The last salary review took place in 2021 and was considered by the Fire Authority on 17 December 2021. This review did not support a local increase in Principal Officer pay for the period commencing January 2022.

2.5 However, the pay of the Chief Fire Officer and Assistant Chief Fire Officers has increased in line with the application of incremental and national pay awards since this time, in line with their agreed contractual terms. This saw an increase of 4% from 1 January 2022 and 3.5% from 1 January 2023.

2.6 The Chief Fire Officer pay rate is currently £165,581 per annum, however the maximum point of the grade is £174,296 per annum.

2.7 A benchmarking review has been undertaken using the salary data from the family group of fifteen fire and rescue authorities. The outcome of this review is attached as Appendix C. Please note that three fire and rescue services did not respond to the request for salary information and therefore the median is based upon twelve responses.

2.8 The median salary within this group is £162,790 per annum, although the range is from £133,908 to £171,169. The salary range applied to the NFRS Chief Fire Officer pay band is £156,866 to £174,296 per annum, with the current incumbent being paid at 95% of the top of the scale based upon their length of tenure in role.

2.9 There is nothing, therefore, that would suggest that the pay of the Chief Fire Officer in Nottinghamshire is significantly out of line with the median point of other Chief Officers within the comparator group. This would indicate that the pay of the Chief Fire Officer is currently set at the appropriate level.

3. FINANCIAL IMPLICATIONS

The budget for Principal Officer pay is based on the incremental point in the three-point scale which is appropriate for each of the Officers. At this point in time the following salaries are applied:

Chief Fire Officer	£165,581 (95%)
Assistant Chief Fire Officer	£130,722 (100%)

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

- 4.1 A local two-yearly review of Principal Officer pay levels forms a contractual provision for the roles of Chief Fire Officer and Assistant Chief Fire Officer.
- 4.2 Any change in the way that Principal Officer pay is undertaken by the Authority would need to be reflected in the published Pay Policy.
- 4.3 Any proposal to reduce the pay of the Chief Fire Officer to the level of the family group median salary may need to involve some level of pay protection.

5. EQUALITIES AND ETHICAL IMPLICATIONS

- 5.1 As there are no implications for existing policy or to service provision, no equality impact assessment has been undertaken.
- 5.2 The report into the review of Principal Officer pay by the Fire Authority supports the requirement of the Localism Act for transparency about pay decisions, particularly at senior levels of the organisation, demonstrating integrity and openness in NFRS governance arrangements.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

There are no environmental or sustainability implications arising from this report.

7. LEGAL IMPLICATIONS

- 7.1 In line with the requirements of the Localism Act, any decisions relating to pay in excess of £100k per annum must be discussed and agreed by the full Fire Authority at a public meeting.
- 7.2 The Authority is required to publish its pay policy which includes the way in which Principal Officer pay is determined.

8. RISK MANAGEMENT IMPLICATIONS

A robust and auditable methodology for setting Principal Officer salary levels is essential if the Service is going to stand up to external and internal scrutiny in respect of this matter. Additionally, the Service needs to ensure that it is able to recruit and retain quality officers to ensure that NFRS meets the expectations of the Service and the community.

9. COLLABORATION IMPLICATIONS

As this is a local pay review, determined by the Fire Authority, there are no collaboration implications.

10. RECOMMENDATIONS

That Members consider the information contained within the report and support a recommendation that pay levels for Principal Officer roles are maintained at their current rate.

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

None.

Malcolm R. Townroe
CLERK TO THE AUTHORITY

Mark Kimberley
INTERIM TREASURER TO THE AUTHORITY

NJC GUIDANCE AND SALARY STRUCTURES

1. When determining the appropriate level of salaries for all Brigade Managers, the FRA should refer to the relevant minimum salary of the CFO and the most relevant benchmark data.
2. Normally the FRA will wish to begin by determining appropriate salary for their most senior manager.
3. When deciding how these posts should be remunerated, the following factors are to be considered:
 - (a) The CFO's salary and that of any service staff not covered by the Scheme of Conditions of Service (Gold Book).
 - (b) The relationship of current salary to the appropriate illustrative national benchmark
 - (c) Any special market considerations.
 - (d) Any substantial local factors not common to FRA's of a similar type and size e.g. London weighting, complex local regional or national responsibilities which bring added value.
 - (e) Comparative information to be supplied on request by the Joint Sec's on salaries in similar Authorities.
 - (f) Top management structures and size of management team compared to those other Fire and Rescue Authorities of similar type and size; and
 - (g) The relative job size of each post, as objectively assessed through an appropriate Job Evaluation process or otherwise, and
 - (h) Incident command responsibility and the requirement to provide operational cover with the employing authority and beyond.

The process for setting salary levels should include consideration of the following criteria:

- Minimum salary levels for chief officers in relevant sized local authorities.
- Market rates of pay for service managers in a range of private and public-sector organisations; and
- Evidence of recruitment and / or retention difficulties with existing minimum rates.

FAMILY GROUP RESPONDANTS

Avon*
Cheshire*
Cleveland*
Derbyshire*
Hampshire*
Hereford and Worcester*
Humberside*
Kent*
Leicestershire*
Lincolnshire
Nottinghamshire*
Staffordshire*

* Combined Fire Authorities

COMPARATOR SALARY LEVELS (in ascending order)

(Please note that this information has been provided on the basis that it does not identify participant authorities.)

£133,908
£152,611
£154,305
£155,947
£159,564
£160,000
£162,790 Median point
£165,581
£169,630
£169,999
£170,537
£170,000
£171,169



NOTTINGHAMSHIRE
Fire & Rescue Service
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Nottinghamshire and City of Nottingham
Fire and Rescue Authority

ENVIRONMENTAL AND SUSTAINABILITY POLICY STATEMENT

Report of the Chief Fire Officer

Date: 15 December 2023

Purpose of Report:

To advise Members that the Service's written Environmental and Sustainability Policy Statement has recently been reviewed and updated to reflect current best practice.

Recommendations:

That Members endorse the Policy Statement to reaffirm their commitment to matters relating to the environment and sustainability.

CONTACT OFFICER

Name : Craig Parkin
Chief Fire Officer

Tel : 0115 8388100

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**Media Enquiries
Contact :** Corporate Communications Team
0115 8388100 corporatecomms@notts-fire.gov.uk

1. BACKGROUND

- 1.1 The Service has a commitment within its Community Risk Management Plan (CRMP) to being environmental and sustainability conscious in all that we do.
- 1.2 To demonstrate this commitment an environmental and sustainability commitments, a policy statement is required.
- 1.3 An Environment and Sustainability Policy Statement states a commitment, of both the Service and the Authority, in discharging its duty of care to minimise its impact on the environment.
- 1.4 This report presents the annual review of the Service's Environment and Sustainability Policy Statement. This was last considered and endorsed by the Combined Fire Authority in September 2022.

2. REPORT

- 2.1 The Environmental Management and Sustainability Policy Statement has been updated to reflect the best practice of ensuring that the most senior person within the organisations sends a personal message to lead the direction of Environmental and Sustainability Management.
- 2.2 Graphics have been added to reflect NFRS as an organisation and help it stand out when displayed or provided to third parties.
- 2.3 The Environmental Management and Sustainability Policy Statement will be supported by an Environmental Management System (EMS) which is currently in development.
- 2.4 Endorsement signatures of the Chief Fire Officer, the Chair of the Fire Authority, and representative bodies, will continue to provide a collective and high-level commitment to the environmental and sustainability management.

3. FINANCIAL IMPLICATIONS



There are no direct financial implications arising from the Environmental Management and Sustainability Policy Statement.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

The Policy Statement will be brought to the attention of all employees through, induction processes, notices boards and internal communications.

5. EQUALITIES AND ETHICAL IMPLICATIONS

5.1 Core Code of Ethics

	Leadership – the Environmental Management and Sustainability Policy Statement sets the direction of the Service for environmental and sustainability management.
	Integrity – the Environmental Management and Sustainability Policy Statement is an open and honest statement that will be available to all employees and stakeholders.

5.2 An equality impact assessment has not been undertaken due to the nature of this Policy Statement.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

The Environmental Management and Sustainability Policy Statement sets the direction of the Service for environmental sustainability and all subsequent actions will be based on this statement.

7. LEGAL IMPLICATIONS

- 7.1 There is no direction legislation that requires organisations to have an Environmental Management and Sustainability Policy Statement.
- 7.2 There is, however, significant legislation covering environmental requirements and the statement will form part of an EMS covering these requirements.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 The Environmental Management and Sustainability Policy Statement sets strong and active leadership from the Chief Fire Officer.
- 8.2 The Policy Statement is the start of the process for environmental and sustainability management in the Service.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

That Members endorse the policy statement to reaffirm their commitment to matters relating to the environment and sustainability.

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

None.

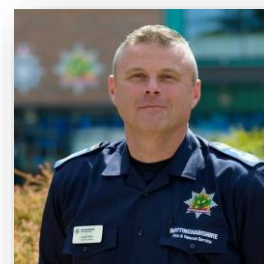
Craig Parkin
CHIEF FIRE OFFICER



Environmental and Sustainability - Policy Statement, November 2023

"I would ask all my colleagues to be aware of the environmental sustainability impact our organisation has on the people of Nottinghamshire and ultimately the world."

"We will ensure that our working is environmentally aware and sustainable to ensure our duty to protect this and future generations."



The Fire Authority, trade unions and I are committed to responsible environmental and sustainability practices in all that we do.

To achieve this, I commit that:

- Environmental and sustainability considerations are part our decision making, governance and procurement processes.
- Environmental and sustainability targets are set and managed.
- Environmental and sustainability awareness training is provided.
- We will apply industry best practice when considering the environmental impact of our actions at fires and other incidents to reduce the risk of contamination of air, land, and water courses.
- We will work with partners and other agencies to ensure a collaborative approach to reducing environmental impacts.
- Over the next year we'll review our position on:
 - Water, fuel and energy reduction measures, enhancing the sustainable use of resources.
 - Sustainable procurement.
 - Encouraging biodiversity on our grounds.
 - Motor vehicle journeys and reviewing more sustainable options.
 - Waste management.
 - We'll develop a five-year Environment and Sustainability plan.

Signed:

Councillor Michael Payne
Chair of the Fire Authority

Signed:

Craig Parkin
Chief Fire Officer

This policy is supported and endorsed by:

Name: Signature:	Name: Signature:	Name: Signature:
Fire Brigades Union	Fire Officers Association	UNISON



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NOTTINGHAMSHIRE
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Nottinghamshire and City of Nottingham
Fire and Rescue Authority

HEALTH AND SAFETY POLICY – STATEMENT OF INTENT

Report of the Chief Fire Officer

Date: 15 December 2023

Purpose of Report:

To update Members that the Service's written Health and Safety Policy 'Statement of Intent' has recently been reviewed and updated to reflect current best practice.

Recommendations:

That Members endorse the content of the updated 'Statement of Intent' to reaffirm their commitment to effective health and safety risk management for employees and others who are affected by the Service's activities.

CONTACT OFFICER

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Chief Fire Officer

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Media Enquiries Contact : Corporate Communications Team
0115 8388100 corporatecomms@notts-fire.gov.uk

1. BACKGROUND

- 1.1 Nottinghamshire Fire and Rescue Service (NFRS) is required to produce, and then regularly review, a written Health and Safety Policy (HSP). The written HSP outlines the approach to identifying the hazards and associated risk to employees and others who may be affected by the work of the Service.
- 1.2 An important part of the HSP is the Statement of Intent (SOI). The SOI states the commitment of the Service to a high standard of health and safety risk management.
- 1.3 The current SOI was last considered and endorsed by the Combined Fire Authority on 16 September 2022.

2. REPORT

- 2.1 The content of the SOI has been updated to reflect the best practice of ensuring that the most senior person within the organisation sends a personal message to lead the direction of health and safety management.
- 2.2 Graphics have been added to reflect the statement of the Chief Fire Officer to employees and also NFRS as an organisation when displayed or provided to third parties.
- 2.3 The SOI is supported by various organisational health and safety policy and procedural documents to form the Service's Safety Management System. These are being reviewed separately and will be subject to full consultation through the Service's Health, Safety and Welfare Committee (SHSWC).
- 2.4 Endorsement signatures of the Chief Fire Officer, the Chair of the Fire Authority, and representative bodies, will continue to provide a collective, high-level commitment to the management of health and safety.

3. FINANCIAL IMPLICATIONS




- 3.1 There are no direct financial implications arising from this 'Statement of Intent'.
- 3.2 There is a commitment within the 'Statement of Intent' to ensure that adequate resources are made available to support the statement and the organisational Safety Management System.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

It is a requirement of the Health and Safety at Work etc. Act 1974 that the 'Statement of Intent' is brought to the attention of all employees. This will be achieved through the Service's induction process, notice boards, and through internal digital communications. The communications plan will be reviewed and monitored by the SHSWC.

5. EQUALITIES AND ETHICAL IMPLICATIONS

5.1 Core Code of Ethics

	Leadership – The Statement of Intent sets the direction of NFRS for health and safety management.
	Integrity – The Statement of Intent is an open and honest statement that will be available to all employees and relevant stakeholders.
	Putting our Communities First – The communities of Nottinghamshire expect NFRS to be an outstanding Fire Service. The Statement of Intent and effective health and safety management is a central part of this process.

5.2 An equality impact assessment has been completed and shows no adverse implications for any persons with protected characteristics. The actions associated with the Statement of Intent show improved outcomes for the entire workforce.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

There are no environmental and sustainability implications arising from this report.

7. LEGAL IMPLICATIONS

It is a legal requirement under the Health and Safety at Work etc. Act 1974 for employers to prepare and as often as may be appropriate revise a written Statement of Intent.

8. RISK MANAGEMENT IMPLICATIONS

8.1 The 'Statement of Intent' is the basis for the Service's commitment to having an effective health and safety management system.

- 8.2 An effective health and safety management system ensures a proactive approach to identifying, managing and mitigating risk thus ensuring the safety of our staff, partners and communities.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

That Members endorse the content of the updated Statement of Intent to reaffirm their commitment to effective health and safety risk management for employees and others who are affected by the Service's activities.

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

None.

Craig Parkin
CHIEF FIRE OFFICER

Health, Safety and Welfare - Statement of Intent, November 2023

“Only by consistently providing the highest standards of Health, Safety and Welfare for you, our employees and the people of Nottinghamshire can we be an outstanding fire and rescue service”.



The Fire Authority, trade unions and I are committed to maintaining a positive safety culture and ensuring that all our employees stay safe.

To achieve this, I commit that:

- Compliance with published Acts, Regulations, procedures, and processes shall be the minimum requirement of Nottinghamshire Fire and Rescue Service (NFRS) and its employees – my aspiration is to go beyond these where practicable.
- We will consult and engage with the workforce and others to promote and maintain safety, health (mental and physical), wellbeing, and welfare.
- Adequate resources, structure, and a Safety Management System (SMS) will be provided to support health and safety practices.
- You will receive the relevant training, information, and instruction for your position.
- We will provide and maintain systems for safe plant and equipment, for safe handling of substances, maintain safe and healthy working conditions, and implement emergency procedures as required, reviewing all on a regular basis.
- We will remove hazards and reduce risks as low as reasonably practicable using the hierarchy of controls as described in the Safety Management System.
- Firefighters work in high-risk environments to protect our communities and the environment. In these situations, your training, risk management controls and preparations will be of the highest importance.
- All contractors will be required to meet our minimum health, safety and welfare standards.

I expect:

- Managers to ensure that health, safety and welfare is part of their management thinking and processes.
- All employees to be proactive in looking out for their health, safety and welfare by training and reporting safety critical incidents, accidents, near misses, or other dangerous occurrences.

“To all my colleagues in NFRS - please stay safe”





Signed:

Councillor Michael Payne
Chair of the Fire Authority

Signed:

Craig Parkin
Chief Fire Officer

This policy is supported and endorsed by:

Name: Steve Tucker Signature:	Name: Jo Dawson Signature:	Name: Jacob Collier Signature:
Fire Brigades Union	Fire Officers Association	UNISON





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IMPLEMENTATION OF 'RESOURCING TO RISK'

Report of the Chief Fire Officer

Date: 15 December 2023

Purpose of Report:

To present Members with an update on the reinstatement of Ashfield fire station to 24-hour wholetime crewing, and wider updates on the Service's approach to 'resourcing to risk'.

Recommendations:

That Members note the contents of this report.

CONTACT OFFICER

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0115 8388100 corporatecomms@notts-fire.gov.uk

1. BACKGROUND

- 1.1 At the Fire Authority meeting in February 2023, Members voted to “*task the Chief Fire Officer to swiftly work up and implement proposals at Ashfield fire station to address the identified gap in resourcing to risk faced by the community.*”
- 1.2 At the Fire Authority meeting in July 2023, Members supported and endorsed the approach of the Chief Fire Officer in the proposed deployment of resources to risk and agreed to receive further updates from this workstream at full meetings of the Fire Authority.
- 1.3 Furthermore, at the September 2023 Fire Authority meeting, Members were updated on the progress to implementing the ‘resourcing to risk’ workstreams and were updated on a proposed ‘go-live’ date of the 29 November 2023 for the reinstatement of 24-hour, wholetime crewing at Ashfield fire station.

2. REPORT

- 2.1 At 0700hrs on 29 November 2023, Ashfield Fire Station returned to 24-hour, wholetime crewing, as planned, as part of the ‘resourcing to risk’ project.
- 2.2 Proactive engagement with staff, representative bodies, and internal and external stakeholders ensured that necessary changes were implemented with minimum impact or disruption to those affected.
- 2.3 Throughout the whole process, with over 30 moves across the wholetime establishment facilitated, no grievances were received by the Service. This is a credit to the managers, teams and personnel involved throughout the process and their professional approach to this project.
- 2.4 The wholetime ridership level presented a risk to the ability to crew the additional posts required to facilitate the changes at Ashfield fire station. To address this, steps have been taken to improve the ridership, including the advertisement of transferees from other Services for personnel who are already on-call firefighters in Nottinghamshire Fire and Rescue Service, and to external applicants who wish to transfer.
- 2.5 These additional roles entering the Service, along with trainee firefighters due to complete their initial training in January, will both support the ridership level and allow the facilitation of the release of posts to support the wider achievement of Community Risk Management Plan commitments, as supported at the July Fire Authority meeting.
- 2.6 These four posts have now been confirmed to be released from the ridership in January 2024, aligned to the above intakes of personnel, and will support the delivery of the Service’s equality action plan, service improvement and increased operational preparedness workstreams.

- 2.7 The Service has also progressed plans to undertake a large intake of new firefighters in 2024. The recruitment process is now progressing with 317 applicants progressed past the initial (fitness test) stage of the selection process.
- 2.8 The Service has continued its commitment to ensuring a more representative workforce through focussed positive action during this most recent recruitment process. This has resulted in a cohort consisting of 9% female candidates and 14% BAME candidates (from public applications) at the most recent stage of the recruitment process.
- 2.9 As reported to the September Fire Authority, mitigations to the risks highlighted in relation to the higher frequency of crewing appliances with four personnel, have been progressed. These include refreshed incident command training, a review of degradation procedures and incorporation of crewing levels in to training scenarios.
- 2.10 A range of evaluation criteria have been developed to monitor performance both in the Ashfield area, and Service-wide, related to the changes which are being implemented. These include productivity data for the Service, attendance times for first and second appliances to incidents, and the use of particular operational activities including rapid deployment for breathing apparatus procedure. These areas will be monitored through the Service's established governance structures and reported to the Community Safety Committee as part of the Service Delivery performance update.

3. FINANCIAL IMPLICATIONS





There are no financial implications arising from this update report. All associated costs for this report are covered within the agreed annual budget for 2023/24 and any future associated costs will be contained within the medium-term financial strategy.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

- 4.1 Through the project approach, the Service proactively engaged with the workforce, and representative bodies, to ensure a transition that maintains staff well-being and engagement, through a well-established consultation and policy framework.
- 4.2 There were no grievances or complaints received as part of the 'resourcing to risk' project.
- 4.3 There are no learning and development implications arising from this report.

5. EQUALITIES AND ETHICAL IMPLICATIONS

- 5.1 An equality impact assessment (EIA) was completed as part of these proposals and reported to the July Fire Authority meeting.
- 5.2 The EIA is being used, and reviewed, by the project board to support the implementation of plans for the resourcing to risk.
- 5.3 Core Code of Ethics

	Leadership – the adoption of a project approach has ensured that suitable leadership, oversight, and scrutiny has been applied to this workstream which has resulted in the achievement of the project objectives within the timeframe and with minimal disruption.
	Integrity – the project approach, including proactive engagement with the workforce, utilising independent data and consultation with communities, has ensured that integrity has been at the heart of decision making and communication with all stakeholders.
	Dignity and Respect – the proactive approach to engagement has ensured that personnel moves across the wholtime ridership have been undertaken with respect and minimal impact to affected personnel.
	Putting our Communities First – the ‘resourcing to risk’ project ensures that the Service is making the best use of resources and ensuring that the needs of communities of Nottingham and Nottinghamshire are put first.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

There are no environmental or sustainability implications arising from this report.

7. LEGAL IMPLICATIONS

- 7.1 The Fire and Rescue Services Act (2004) places a statutory duty on authorities to make provisions for firefighting, fire safety and responding to road traffic collisions and other emergencies.
- 7.2 The Secretary of State, under Section 22 of the Fire and Rescue Services Act (2004) has the power of intervention if the Secretary of State considers that a fire and rescue authority is failing, or is likely to fail, to act in accordance with the Framework prepared under Section 21 of the Act.
- 7.3 Sections 10 to 13 of the Local Government Act 1999 (c. 27) (best value inspections) apply in relation to a fire and rescue authority’s compliance with Section 21(7) of the Act as they apply in relation to a best value authority’s

compliance with the requirements of Part 1 of that Act. Fire and rescue authorities must have regard to the Framework in carrying out their functions.

- 7.4 The Authority has a statutory responsibility to consult on changes to fire cover. Consultation was conducted in accordance with HM Government Code of Practice on Consultation and the outcomes of this consultation were reported to the Fire Authority meeting in February 2023.

8. RISK MANAGEMENT IMPLICATIONS

The Service's corporate risk register highlights risks that are associated with the contents of this report:

Risk	Implications
Employee Engagement	The changes to duty systems and the proposals to change crewing models, present the risk of damaging employee engagement and industrial relations. Early, proactive engagement with affected personnel and representative bodies, along with an effective communications plan and a consultative approach has assisted in mitigating this risk.
Preventable Deaths	The Service has reallocated resources based on independent modelling and feedback from consultation that aims to ensure that the right resources are prioritised in the right location, ultimately with an aim of creating safer communities.
Availability of Resources	<p>This risk is mitigated in part by the proposals in this report by ensuring the best use of resources across the Service and ensuring a 24/7 wholetime response is available in the Ashfield area.</p> <p>Risks presented by the level of wholetime ridership are being mitigated through a focussed recruitment of additional firefighter roles to the Service, including the immediate steps outlined within this report.</p>

Risk	Implications
Corporate Reputation	This risk is presented through the proposals for change and public interest in these changes. A full communications plan and proactive engagement with this workstream has assisted in mitigating this risk.

9. COLLABORATION IMPLICATIONS

All changes to the crewing at Ashfield fire station have been fully communicated with colleagues from neighbouring Fire and Rescue Services.

10. RECOMMENDATIONS

That Members note the contents of this report.

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

None.

Craig Parkin
CHIEF FIRE OFFICER

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