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

Date: Friday, 13 December 2024 **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. P. Lane'.

Solicitor, Clerk and Monitoring Officer to the Nottinghamshire and City of Nottingham Fire and Rescue Authority

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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
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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



Nottinghamshire & City of Nottingham Fire & Rescue Authority

MINUTES of the meeting held at Joint Fire / Police HQ, Sherwood Lodge, Arnold, Nottingham, NG5 8PP on 20 September 2024 from 10.30 am - 12.21 pm

Membership

Present

Councillor Michael Payne (Chair)
Councillor Audra Wynter (Vice Chair)
Councillor Callum Bailey
Councillor John Clarke MBE
Councillor Sybil Fielding
Councillor Tom Hollis
Councillor Anwar Khan
Councillor John Lee
Councillor Salma Mumtaz
Councillor Nayab Patel
Councillor Nick Raine
Councillor Samina Riaz
Councillor Tom Smith
Councillor Roger Upton

Absent

Councillor Richard Butler
Councillor Robert Corden
Councillor Nigel Turner
Councillor Jason Zadrozny
Gary Godden

Colleagues, partners and others in attendance:

Bev Bull - Head of Finance and Treasurer
Craig Parkin - Chief Fire Officer
Mick Sharman - Assistant Chief Fire Officer
Malcolm Townroe - Solicitor, Clerk and Monitoring Officer
Damien West - Assistant Chief Fire Officer
Laura Wilson - Senior Governance Officer

25 Membership

The following membership changes were noted:

- (a) Councillor Nick Raine had been appointed to replace Councillor Gul Khan;
- (b) Councillor Audra Wynter has stood down as the Chair of the HR Committee.

Resolved to appoint Councillor Nick Raine as the Chair of the HR Committee for the remainder of the municipal year.

26 Apologies for Absence

Councillor Richard Butler – personal reasons
Councillor Robert Corden
Councillor Jason Zadrozny

Police and Crime Commissioner Gary Godden

27 Declarations of Interest

None.

28 Minutes

Subject to the inclusion of Councillors Callum Bailey, John Clarke, Michael Payne, and Audra Wynter's attendance being recorded, the minutes of the meeting held on 26 July 2024 were confirmed as a true record and signed by the Chair.

29 Chair's Announcements

The Chair, Councillor Michael Payne, made the following announcements:

- (a) The Service has received two letters from Dame Diana Johnson recently, these focus upon the culture of the Fire and Rescue Sector and the remediation plans for buildings following the Grenfell tragedy and issues relating to cladding. The Service is considering both letters and how they will integrate in to current and future plans, updates will be provided to the Human Resources and Community Safety Committees in due course.
- (b) The Service has recently completed its 2 yearly staff survey. The questions mirrored those asked in the previous survey to accurately benchmark progress and, as a result, 68% of the workforce completed the survey, which shows improvement in all areas measured. This reflects the hard work that is ongoing at all levels to ensure the Service is an inclusive and healthy environment. Future updates of the actions will be provided to the Human Resources Committee.
- (c) Members are reminded of the seminar which will be taking place on 31 January 2025 at the rising of the Policy and Strategy Committee, to focus on the Community Risk Management Plan and financial position of the Authority. Invites have already been sent out to allow time to plan diaries. As the Authority is currently projected continued financial challenges in coming years, best attendance is key.
- (d) The Service awards night will be taking place on 13 November 2024 at the Crowne Plaza, Nottingham. All Members are welcome and have been invited to book tickets to secure their places at the event. The evening is a great opportunity to celebrate and hear first hand a range of amazing things staff do day in and day out.

30 Treasury Management Annual Report 2023/24

Bev Bull, Head of Finance and Treasurer, presented the report providing an update on treasury management activity during the 2023/24 financial year, and highlighted the following points:

- (a) The Fire Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2023/24. The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised in 2021) was adopted by the Fire Authority on 9 April 2010.
- (b) Against a backdrop of stubborn inflationary pressures and wars in Ukraine and the Middle East, UK interest rates continued to be volatile right across the yield curve during 2023/24. They have also remained stubbornly high, with the Bank of England Base Rate beginning the year at 4.25% and ending at 5.25%.
- (c) Inflation has eased throughout 2023/24. The 12-month Consumer Price Index (CPI) rate had fallen to 2.3% by April 2024, largely due to reductions in the gas and electricity price caps. The Bank of England’s communications suggest that the Monetary Policy Committee (MPC) is gaining confidence that inflation will fall sustainably back to the 2.0% target. However, although the MPC noted that “the restrictive stance of monetary policy is weighing on activity in the real economy, and is leading to a looser labour market and is bearing down on inflationary pressures”, conversely it also noted that key indicators of inflation persistence remain elevated and that policy will be “restrictive for sufficiently long” and “restrictive for an extended period”. Core CPI (excluding energy, food, alcohol and tobacco) was 3.9% in April.
- (d) Actual capital expenditure forms one of the required prudential indicators. The table below shows actual capital expenditure in the year and how this was financed:

	2022/23 Actual Expenditure	2023/24 Revised Budget	2023/24 Actual Expenditure
	£'000	£'000	£'000
Capital Expenditure	2,265	9,223	7,271
Resourced by:			
Capital grants	57	12	132
Capital receipts	513	3	0
Revenue contributions/earmarked reserves	298	513	513
Total capital expenditure financed in year	868	528	645
Unfinanced capital expenditure to be funded by borrowing	1,397	8,695	6,626

- (e) The Authority’s 2023/24 Minimum Revenue Provision Policy was approved as part of the Treasury Management Strategy Report for 2023/24 on 24/02/23. The Capital Financing Requirement for the year is shown below and represents a key prudential indicator:

Capital Financing Requirement	31/03/23 Actual	31/03/24 Estimate*	31/03/24 Actual
Opening balance	30,735	31,680	30,533
Add unfunded capital expenditure	1,397	685	6,627
Less MRP/VRP	(1,599)	(1,719)	(1,522)
Closing balance	30,533	30,646	35,638

- (f) The difference between the 31/03/24 estimated and actual figures for unfunded capital expenditure arose for two reasons: a significant increase in actual levels of capital expenditure due to slippage of the capital programme, and a delay in securing a capital receipt (budgeted at £3m) for the sale of the former headquarters due to the original offer falling through.
- (g) The Treasury Management Strategy approved by the Authority set out the policies for managing investments and for giving priority to the security and liquidity of those investments. The risk appetite of this Authority is low in order to give priority to security of its investments. Accordingly, the following types of low risk specified investments may be made:
- Deposits with the Debt Management Agency (Government);
 - Term deposits with Banks and Building Societies;
 - Term Deposits with English and Welsh local authority bodies;
 - Call deposits with Banks and Building Societies;
 - Triple-A rated Money Market Funds;
 - UK Treasury Bills;
 - Certificates of Deposit.
- During the year, investments were made with banks or building societies (term deposits or call deposits) and a Police Authority.
- (h) At 31 March 2024, the Authority held £1.5m of principal as short-term investments on the Balance Sheet and £5.0m of principal as shorter dated “cash equivalent” investments.
- (i) The average 90 days backward looking Sterling Overnight Index Average (SONIA) compounded benchmark rate for the year was 4.74%. The SONIA is a risk-free sterling interest rate that is identified as the investment yield benchmark in the Treasury Management Strategy. The Authority’s investments earned an average rate of 4.74% during the year. This is in line with the SONIA benchmark. This resulted in investment income of £637k, against a budget of £374k.
- (j) At 31 March 2024, the value of the Authority’s useable reserves totalled £11.072m. The balance sheet at the same date shows that the Authority held short-term investments totalling £1.745m and £7.394m in cash and cash equivalents. This means that £1.9m of cash balances were being used to support capital expenditure. The Treasury Management Strategy recognises that whilst the use of cash balances in this way (known as “internal borrowing”) can be prudent, it is not without risk. This is because internal borrowing is

effectively variable rate debt. The Authority therefore has a local indicator that limits the level of internal borrowing to 20% of the underlying borrowing requirement. At 31 March 2024, internal borrowing was 5.4% of the underlying borrowing requirement.

Members commended the work of the team to protect the reserves and the achievement in the rate of return.

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

31 His Majesty's Inspectorate of Constabulary and Fire and Rescue Services 2024 Inspection Findings

Craig Parkin, Chief Fire Officer, presented the report detailing the outcomes from the report regarding the recent inspection of Nottinghamshire Fire and Rescue Service by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), and highlighted the following points:

- (a) As part of round three of fire service inspections HMICFRS introduced a new grading of 'adequate'. HMICFRS grading framework is now as follows:
 - Outstanding – the Service has substantially exceeded the characteristics of good performance.
 - Good – is the 'expected' graded judgment, based on policy, practice or performance that meets pre-defined grading criteria that are informed by any relevant national operational guidance or standards.
 - Adequate – the Service has demonstrated some of the characteristics of good performance, but identified areas where the Service should make improvements.
 - Requires Improvement – the Service has demonstrated few, if any, of the characteristics of good performance and a substantial number of areas where the Service needs to make improvements have been identified.
 - Inadequate – there are causes for concern and recommendations are made to the Service to address these findings.
- (b) HMI Lee Freeman KPM, thanked the Service for the "positive and constructive way" the Service engaged with the inspection and commented "the Service has made progress since our previous inspection, we found it had maintained or improved performance in almost all areas."
- (c) Nottinghamshire is one of only two Services to be inspected so far (totalling 18 inspections to date), to receive a grading of 'Good' in 10 areas of inspection.
- (d) In the 2024 Nottinghamshire inspection report just one area for improvement (AFI) was given. This is the lowest number of AFIs to be issued to any Service to date in round three of the inspections. The average number of AFIs being received by Services is 17.
- (e) To oversee the required improvement it is proposed that the same, robust governance and scrutiny arrangements are adopted as with the previous AFIs from the round two inspection. This would involve the adoption of the AFI by Members of the Fire Authority, and progress and management of the AFI being discharged to the Community Safety Committee.

- (f) The Service did not receive any 'Causes for Concern' (CfC). So far in round three inspections, eight Services have received a total of 36 CfCs.

During the discussion that followed, the following comments were made:

- (g) The report is excellent, and the hard work of the Service is recognised in achieving the outcomes it has. The journey from 2018 to now is remarkable and demonstrates what can be achieved through hard work and commitment. The positive working culture should be a hallmark and badge of pride.
- (h) The media need balance in the news they report. The report has been sent out to news channels, but has not been a media focus.
- (i) All members of staff should be written to thank them for their hard work and congratulate them on the outcomes achieved.

Resolved to

- (1) Note the outcome of the HMICFRS inspection report and the progress made by the Service.**
- (2) Acknowledge the area for improvement highlighted by HMICFRS and approve governance and scrutiny through the Fire Authority Community Safety Committee.**
- (3) Request that the Chief Fire Officer write to all members of staff to thank them for their hard work and congratulate them on the outcomes achieved.**

32 Community Risk Management Plan 2025-28

Mick Sharman, Assistant Chief Fire Officer, presented the report detailing the draft Community Risk Management Plan 2025-28, and highlighted the following points:

- (a) The Fire and Rescue National Framework for England (National Framework document) states that fire and rescue authorities are required to produce a Community Risk Management Plan (CRMP).
- (b) A CRMP is a high-level business plan, designed specifically for a public audience, to inform interested parties of the Service's mid-term priorities, and key deliverables over the defined period.
- (c) The Service's current CRMP covers the period from 1 April 2022 until 31 March 2025. This means the new plan is required to be published that takes effect from 1 April 2025.
- (d) In developing the draft plan, the Service has updated its Strategic Assessment of Risk (SAoR) and again commissioned an independent specialist to undertake a detailed community risk and fire cover review (FCR). This ensures the CRMP is developed against a thorough understanding of all foreseeable fire and rescue related risks which could affect the area of the Authority.

- (e) In the CRMP 2022-25, the Authority adopted a long-term ambition to be one of the best fire and rescue services in England, with a principle that everything the Service does is guided by a core purpose of 'Creating Safer Communities'. It remains NFRS's intention to be an 'Outstanding Service' that delivers exceptional outcomes for its communities.
- (f) The CRMP 2022-25 was built around six strategic goals. These are:
- We will help people stay safe from fires and other emergencies;
 - We will improve fire safety in the buildings people live and work in;
 - We will respond immediately and effectively to emergency incidents;
 - We will continue to support and develop our workforce and promote an inclusive Service;
 - We will continue our improvement journey to deliver an outstanding Service;
 - We will manage and invest in our Service to ensure it is fit for the future
- (g) The concept of having six strategic goals, relating to key business and improvement areas, has served the Service well over the last two and a half years, and has provided the overarching context for the Service's continual improvement programme. The six strategic goals remain relevant and have therefore been adopted in the CRMP 2025-28. This will ensure a continuity of understanding as well as ensuring momentum is maintained across core service improvement areas.
- (h) Previously, services to conduct the public consultation on the draft CRMP have been commissioned from an external consultation company. This year the Service will undertake consultation using its internal resources. This decision has been taken based on previous feedback from Members, with the aim of providing greater community reach and exceeding previous consultation efficacy, whilst also being more financially efficient.
- (i) On approval of the draft CRMP, a nine-week consultation will be undertaken in line with the Service's Consultation Framework. The provisional dates for this are Monday 30 September to Sunday 1 December 2024.
- (j) The consultation objectives are:
- Measurably 'raise awareness' of the consultation process through communication with key stakeholder groups;
 - Engage with as many of the stakeholder groups as possible, generating meaningful responses that help shape planning;
 - Provide the transparency required by reporting back on the results of the consultation and the impact that it has made.
- (k) The consultation will utilise various approaches including, but not limited to:
- Digital and paper questionnaires;
 - Direct engagement with service users (persons who have had an incident, or a prevention or protection intervention);
 - Public focus groups;
 - Stakeholders focus groups;
 - Community advisory groups;
 - Analysis of social media channels (reach and engagement).

- (l) Outcomes of the consultation and a final CRMP will be presented to Members at the February 2025 Fire Authority meeting, with the aim of agreeing a final Community Risk Management Plan for implementation from 1 April 2025.

Members commented that they welcomed the consultation being carried out in-house, but that it was important to ensure the consultation questions are available in different languages and paper copies are available for those who won't access it electronically.

Resolved to approve

- (1) **The content of the draft Community Risk Management Plan 2025-28.**
- (2) **The approach for consultation on the draft Community Risk Management Plan 2025-28.**

33 His Majesty's Inspectorate of Constabulary and Fire and Rescue Services Standards of Behaviour Report

Mick Sharman, Assistant Chief Fire Officer, presented the report detailing the recent publication by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services of the Standards of Behaviour report and outline the steps being taken by the Service to address the recommendations, and highlighted the following points:

- (a) Following reports of misconduct, and the findings of the Independent Cultural Review of London Fire Brigade, the Minister of State for Crime, Policing and Fire commissioned His Majesty's Inspectorate of Constabularies and Fire & Rescue Services (HMICFRS) to publish a spotlight report into the values and culture of fire and rescue services (FRSs). This report, containing 35 recommendations for improvement, was published in March 2023. A paper outlining the report was presented to Human Resources Committee in April 2023. A further update report, detailing progress made against the recommendations, was presented to the Human Resources Committee in April 2024.
- (b) Building on some of the findings of the spotlight report, between October 2023 and January 2024, HMICFRS carried out further research into the handling of misconduct in FRSs. Data and staff surveys from 44 FRSs were analysed, along with 10 thematic onsite inspections. Nottinghamshire Fire and Rescue Service (NFRS) was not one of the 10 FRSs inspected.
- (c) Some of the key findings within the HMICFRS Standards of Behaviour report include:
- Improvement is happening but unacceptable behaviours remain – the report states HMICFRS is “pleased to see the beginning of improvements”. With awareness of the Core Code of Ethics (CCoE) being raised, “but pockets of unacceptable behaviour remain, and future progress is needed, particularly in parts of the misconduct process”.
 - Staff are experiencing misconduct – 10% of the FRSs workforce responded to staff surveys as part of the thematic inspection on standards of behaviour. Of these, 41% had witnessed misconduct in the previous 12 months and 34% had experienced misconduct in the same period.
 - Watch culture – the impacts of “negative watch cultures”, are noted within the report stating that although attitudes and behaviours are showing signs of improvement,

these changes are too slow, built on poor foundations, and are not being made consistently across England.

A lack of confidence in the processes for raising concerns – the report identifies that while staff felt the process for raising concerns was clear, there was some confusion about different reporting mechanisms. The report also highlights a perception by respondents that issues raised, “wouldn't be treated confidentially or impartially,” emphasising that such perceptions are a serious problem.

- Inadequate training for those undertaking investigations – the report identifies “the inadequacy of training” as the most common and significant root cause of issues related to misconduct investigations. This shortfall is also evident among those who hear appeals, as they “rarely had training to do so” and overly relied on human resources support.
- Scrutiny of misconduct cases is ineffective – the report found limited evidence of oversight and scrutiny in misconduct cases across most of the inspected FRs. The report indicates the need for better organisational learning and the development of practical solutions at a service level.

- (d) The report presents 15 recommendations to improve the sector. The recommendations are broken down into the areas of:
- The culture in fire and rescue services;
 - The extent to which services are identifying misconduct;
 - The effectiveness of misconduct processes;
 - Understanding misconduct and sharing lessons learned.
- (e) Each recommendation has a timeframe allocated to it by which HMICFRS state that they expect to see implementation. One of the recommendations is for immediate implementation, while the others are spread over a timeframe of 12 months.
- (f) The Service is reviewing each of the recommendations and is in the process of undertaking a gap analysis to define the actions required to complete the recommendations. An action plan will then be produced.
- (g) Scrutiny of the delivery of this action plan will be through the Community Risk Management Plan (CRMP) Assurance Board which is chaired by the Chief Fire Officer.
- (h) The Standards of Behaviour report does not make for positive reading for the sector. NFRS recognises the effect that this could have on local trust and confidence in the Service.

Members were assured that NFRS is a progressive organisation and, although it wasn't part of the inspection, it won't be complacent in addressing the recommendations.

Resolved to

- (1) Note the contents of the report.**
- (2) Agree to receive further updates via the Human Resources Committee.**

34 Annual Report of Information Governance

Mick Sharman, Assistant Chief Fire Officer, presented the report providing an update on information governance at Nottinghamshire Fire and Rescue Service for the year 2023/24, and highlighted the following points:

- (a) In 2017 the Policy and Strategy Committee agreed that NFRS would provide an information governance report annually to the full Fire Authority, covering:
 - Overview of Freedom of Information requests;
 - Overview of Environmental Information requests;
 - Overview of data protection areas of interest; and
 - Report on Regulation of Investigatory Powers Act (RIPA) activity or inactivity.
- (b) Between April 2023 and March 2024, NFRS received 142 Freedom of Information requests. Of these, 135 (95.1%) were completed within the statutory time limit, up from 70% in 2022/23 and well above the Information Commissioner's target of 90%. Continued monitoring of the compliance rate is ongoing with any significant concerns to be reported to the Protective Security Group.
- (c) One information request received between April 2023 - March 2024 was classified as an environmental information request and was responded to within the statutory time period.
- (d) Over the last year, NFRS has focused on continuing to develop a robust methodology for incorporating information governance in line with the NFCC Data Management Fire Standard and the Information Commissioner's Office (ICO) expectations.
- (e) Part of NFRS's obligations under the UK GDPR is to respond to the rights of data subjects where the Service processes their personal data. The right of access by the data subject to their personal data held by NFRS comprises part of this obligation. For the financial year 2023/24, NFRS received 43 requests for information from a data subject; of those, 42 (97.67%) were completed within the statutory timeframe of one month, or where NFRS has extended the deadline, due to complexity, by a further two months.
- (f) No incidents recorded by NFRS required the Information Commissioner's Office (ICO) to be notified in the year 2023/24.
- (g) There were no applications for covert investigations at NFRS under Regulation of Investigatory Powers Act 2000 from April 2023 to March 2024.

Members commented that it is important to ensure measures are in place to identify any persistent requests as they are costly.

Resolved to note the contents of the report.

35 Grenfell Tower Inquiry Phase 2 Report

Craig Parkin, Chief Fire Officer, presented the report updating Members in relation to the Grenfell Tower Inquiry Phase 2 report, and highlighted the following points:

- (a) On 14 June 2017, a fire occurred at Grenfell Tower, London, which destroyed the 24-storey block of 129 residential flats. 72 people lost their lives at the incident.
- (b) Phase 2 of the Grenfell Tower Inquiry started in March 2020 and was focussed on the circumstances leading up to the fire, including the Tower's design, construction, composition, modifications and fire safety measures within the building.
- (c) In order to effectively respond to the Grenfell Tower Phase 2 Inquiry recommendations, the Service will undertake a detailed analysis of the report and its recommendations, working alongside the National Fire Chief Council (NFCC) and other stakeholders to fully understand any requirements and implications. A future report will be presented to Fire Authority detailing the Service's approach to meeting the recommendations.
- (d) Whilst on first review, only a minority of the recommendations directly relate to fire and rescue services direct activities and responsibilities, a number of the recommendations will require a multi-disciplinary approach to resolve. Complex interdependencies exist both between internal departments and with regional fire and rescue partners. An example being the continued collaboration with Derbyshire Fire and Rescue Service in the provision of a joint control room and its required and continued effectiveness.
- (e) Whilst the Government is yet to respond to the recommendations, it is expected that the routine reporting of progress against the recommendations will be required to the Home Office and NFCC. The Service needs to be able to respond in an assured and constructive manner to these consultations.
- (f) The Chief Fire Officer will be writing to the Chief Executives of the relevant local authorities to highlight their responsibilities in addressing the recommendations, and will be happy to meet with local authorities to discuss the actions required.

During the discussion that followed, the following points were made:

- (g) The tragedy is a source of national shame and the Government should provide more resources to ensure cladding can be removed.
- (h) There are 22 high risk buildings in Nottinghamshire.
- (i) Medium and low rise buildings haven't been looked at as part of the report, but are just as important if they are at risk, but aren't covered by the remediation grant, which makes it difficult to do any remediation work.
- (a) The investigation is not progressing quickly enough, and the Authority needs to express its concern and call for more urgency in addressing at risk buildings.

Resolved to

- (1) Note the publication of the Grenfell Tower Inquiry Phase 2 report.**
- (2) Agree to receive updates in relation to further actions, associated with the Grenfell Inquiry Phase 2 report.**

- (3) Endorse and support the Chief Fire Officer and Chair of the Authority to write to the Government expressing its concern on the length of time taken on the investigation and call for more urgency in addressing at risk buildings.**

36 Exclusion of the public

Resolved to exclude 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, Paragraphs 1 and 3, 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.

37 Changes to the Establishment Annual Report

Craig Parkin, Chief Fire Officer, presented the exempt report.

Resolved to approve the recommendations, as detailed in the report.



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

MEDIUM TERM FINANCIAL STRATEGY 2025/26 TO 2028/29 AND BUDGET GUIDELINES 2025/26

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

Date: 13 December 2024

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 2025/26 and to request that the Fire Authority set general guidelines within which the Finance and Resources Committee will develop a detailed budget proposal for 2025/26.

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 capital programme for 2025/26 included in the indicative 10-year capital programme within the MTFS.
- Approve the Reserves Strategy contained within the MTFS.
- Approve the proposed minimum level of general fund reserves of £4.25m 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

Reserve	Balance 01-Apr-23 £'000	Required 2023/24 £'000	Required 2024/25 to 2026/27 £'000	To be Reallocated £'000
Fire Cover Review	53	0	0	53
On Call Pay and Contracts	38	0	-37	1
Crisis Team – ARA	10	0	0	10
External Evaluations	32	0	0	32
Occupational Therapist	104	0	0	104
Additional iTrent Support	33	-16	-15	2
System Extension/Disaggregation				172
Domestic Homicide Reviews				20
Community Advisory Group				10

- 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
 - The options for addressing any budget deficit to enable the Fire Authority to approve a balanced budget, as required by law.
- Approve the Member Allowance increase at 3.37% based on the average pay increase across the NJC pay spine for all staff.

CONTACT OFFICER

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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 2023 and covers the four-year period from 2025/26 through to 2028/29.
- 1.4 This MTFS has been written against a backdrop of financial and economic uncertainty. The Budget on the 30 October 2024 contained some information in relation to Local Government Funding. Further information has been made available in the Local Government Finance Policy Statement issued in November 2024. This included the Council Tax flexibility that the maximum core Band D threshold for fire authorities for 2025/26 will be £5. It also committed to a full package of funding reforms in 2026/27 including a Fair Funding Review and a full business rates baseline reset. The provisional local government finance settlement which will be released for consultation in mid-December.
- 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 2025/26 and beyond, before final budget proposals are considered by the Fire Authority in February 2025.
- 1.6 The Reserves Strategy, Capital Strategy and 10-year Capital Plan form part of the MTFS.

2. REPORT

ISSUES IMPACTING ON THE BUDGET

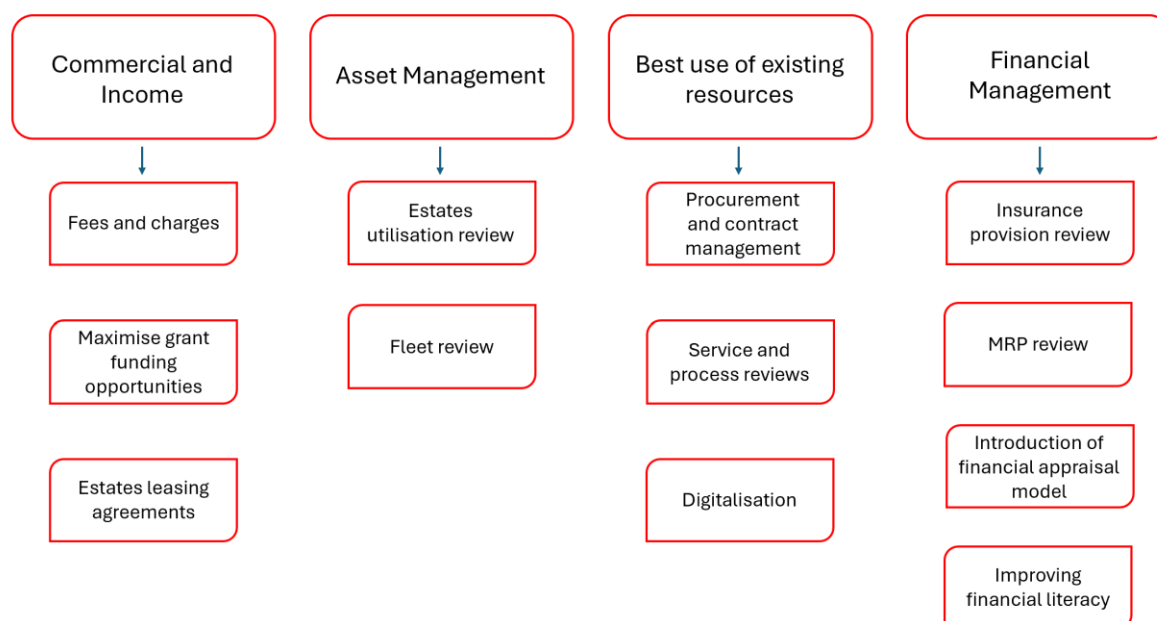
- 2.1 The MTFS is attached in full to this covering report. It considers the current financial position of the Authority and looks at the estimated budgetary position over the next four years against a backdrop of both the national and local financial position, including the levels of reserves that the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

- 2.2 In February 2024, the Authority set a balanced budget for 2024/25, although this was only achieved after making £138k contribution from the Budget Pressure Support Earmarked Reserve. The report predicted shortfalls in 2025/26 and 2026/27 of £1.9m and £1.5m respectively.
- 2.3 Whilst there remain areas of uncertainty, budgets have been updated to reflect revised assumptions and other known changes, which include:
- 2025/26 and 2026/27 pay awards
 - Non-pay inflation
 - CRMP development
 - Demand pressures
 - Savings
 - Revenue Support Grant revised projections
 - Business Rates revised projections
 - Minimum Revenue Provision revised projections
 - Interest receivable and payable revised projections
 - Council Tax precept levels

EFFICIENCY STRATEGY

- 2.4 The Futures 25 efficiency strategy has been the vehicle through which efficiency and productivity improvements have been delivered during the current CRMP 2022-2025.
- 2.5 The Futures 25 efficiency strategy included the following reviews:
- Workforce review of Green Book posts at Grade 5 and above
 - Fire cover review
 - Review of the flexi duty officer collective agreement
 - Governance review
 - Revenue budget management
 - Service redesign
 - Culture, EDI and Leadership
- 2.6 A Futures 25 efficiency strategy closure report was presented to Policy and Strategy Committee on the 15 November 2024, setting out the achievements and next steps to incorporate service improvement as part of business as usual activities.
- 2.7 The proposed Efficiency Strategy for the next CRMP 2025-2028 is set out in diagram below it identifies themes and workstreams that will be undertaken to improve efficiency and productivity. The activities to deliver the workstreams are included within the Annual Delivery Plans to support the delivery of the CRMP.

Efficiency Strategy 2025-2028



COUNCIL TAX

- 2.8 It was announced in the Local Government Finance Policy Statement that the maximum Council Tax increase for fire authorities is £5, compared to the existing assumption of 2.95% which equates to an additional £776k.
- 2.9 This will be confirmed the provisional local government finance settlement which will be released for consultation in mid-December.
- 2.10 Council Tax for the Fire Authority is currently £92.21 at Band D. A 2.95% increase would raise it by £2.72 to £94.93 per year which equates to £1.83 per week. A £5 increase would raise it to £97.71 which equates to £1.88 per week.

Table 1 – Council Tax Options Analysis

	Amount £	Increase £	Additional Income £'000
Current Band D Council Tax	92.21		
1.95% increase	94.01	1.80	613
2.95% increase	94.93	2.72	927
£5 increase	97.21	5.00	1.703

- 2.11 In addition to the above Council Tax scenarios there is an assumption that the Council Tax base has increased by £418k for 2025/26 budget.

RESERVES STRATEGY

- 2.12 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.
- 2.13 Total estimated Reserve levels as at 31 March 2025 are £10.6m, consisting of £5.1m General Reserve and £5.5m Earmarked Reserves.
- 2.14 The Authority reviews the levels of reserves it requires as part of the Reserves Strategy. A General Fund reserve minimum level of £4.25m has been proposed for 2025/26, which is an increase of £150k from 2024/25, 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.
 - Business failure of bank or investment counterparty
- 2.15 A review of the Earmarked Reserves has been undertaken in the Reserves Strategy. This has identified £202k of available reserves are no longer required. It is proposed that these are reallocated to the following existing earmarked reserve and two new reserves are established:

Table 2 - Re-allocation of Earmarked Reserve

Reserve	Amount £'000
System Extension/Disaggregation	172
Domestic Homicide Reviews – NEW	20
Community Advisory Group - NEW	10

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

MEDIUM-TERM FINANCIAL PLAN 2025/26

- 2.17 Whilst detailed expenditure budgets are still being developed, any additional costs that are already known have been included in the budget requirement.
- 2.18 Given the uncertainty discussed in this strategy, three scenarios have been considered – a worst case, a central 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 3 – Worst / Central / Best Case Scenarios

Scenario	Deficit / (Surplus) Position 2025/26 £'000	Comments / Assumptions
Worst Case	1,796	<ul style="list-style-type: none"> • 4% pay award for all employees for 2025/26 • 1.7% increase in Revenue Support Grant and Business Rates top up grant • Services Grant is removed • Pensions Grant remains flat • Council Tax Collection increases by 1.35% • 2.95% increase in Council Tax approved
Central Case	1,248	<ul style="list-style-type: none"> • 2% pay award for firefighter for 2025/26 • 3% pay award for support staff • 1.7% increase in Revenue Support Grant and Business Rates top up grant • Services Grant is removed • Pensions Grant remains flat • Council Tax Collection increases by 1.35% • 2.95% increase in Council Tax approved
Best Case	471	<ul style="list-style-type: none"> • 2% pay award for firefighter for 2025/26 • 3% pay award for support staff • 1.7% increase in Revenue Support Grant and Business Rates top up grant • Services Grant is removed • Pensions Grant remains flat • Council Tax Collection increases by 1.35% • £5 increase in Council Tax approved

- 2.19 The scenarios show the position considering different levels of council tax precept between 2.95% and £5 and pay awards.
- 2.20 The central case scenario indicates a deficit of £1.248m by 2025/26, this compares to the best-case scenario of approving the £5 Council Tax precept of indicating a deficit of £471k.

CAPITAL PROGRAMME

- 2.21 As detailed in the recommendations the Capital Strategy including the draft 10- year Capital Programme is appended to the MTFS.
- 2.22 It is worth noting that there have been the following developments within the current programme:
- Access and Inclusion Programme – The contracted supplier has gone into administration with the project being incomplete and remedial works required at some sites. The Service is currently assessing the impact with a view of engaging with a new contractor to complete the project. The Capital Programme includes an additional budget of £500k for 2025/26.
 - Access Control System Replacement – The current site access system is becoming obsolete with the contractor confirming it is not intending to provide replacement parts and / or support the system. This project is considered high risk due to its complexities as it is required to be completed by March 2026. The budget identified for this project is £400k for 2025/26.

The above capital projects will be monitored alongside all other capital schemes and if the current budgets are identified as insufficient then a further formal decision paper will be required as necessary.

SUMMARY

- 2.23 This MTFS has been written against a backdrop of financial and economic uncertainty. The provisional local government finance settlement due to be received in mid-December will confirm the government funding figures and the collection fund details for business rates and council tax are known at the end of January 2025.
- 2.24 The best-case scenario assumes the £5.00 flexibility in council tax is taken and after considering the economic situation and expected costs, shows a 2025/26 deficit position of £471k. Future year deficits are then consistently higher.
- 2.25 It is therefore likely that the Service will need to identify savings in the region of £2.0m moving forward. The Service currently holds £1.126m in a Budget Pressure Support Earmarked Reserve. The service will need to realise savings through the Efficiency Strategy and utilise the Budget Pressure Support Earmarked Reserve to smooth budget deficits going forward.
- 2.26 In the worst-case scenario, assuming the pay-award is 4%, so higher than the budgeted pay award, estimates show that a 2025/26 deficit of £1.8m could be likely, even assuming a 2.95% council tax increase. If there were to be no increase in council tax levels the 2025/26 deficit would rise to £2.7m. If this were to be the case even further significant savings would be required.

- 2.27 The Reserves Strategy sets out plans for re-allocating £202k of Earmarked Reserves, some of which will be transferred into the Disaggregation project to fund potential additional costs should a further year of costs need to be incurred in relation to the existing mobilising system. Two new reserves have also been established.
- 2.28 Whilst there remain clear challenges ahead, the early announcement of the £5.00 flexibility in the Council Tax gives the Authority the opportunity to consider this option and enables it to start this journey in a relatively positive position whereby it has sufficient reserves to enable a phased approach to achieve the savings 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 28 February 2025 the Fire Authority will consider the budget report with the objective of setting council tax levels for 2025/26.

PROPOSED GUIDELINES

- 2.30 The meeting of the Finance and Resources Committee in January 2025 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 more information about the overall three-year budget plan to provide guidance to the Fire Authority meeting in February.
- 2.31 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:
- The options for council tax to be recommended to the Fire Authority in February.
 - 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
 - e. Increase council tax by an amount higher than the referendum limit.
- 2.32 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.
- 2.33 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 budget pressure support earmarked reserve to support the budget whilst further budgetary savings are planned and implemented.

APPROVAL OF MEMBERS ALLOWANCES

- 2.34 The allowances that Members can claim are set out in the Members' Allowance Scheme. At its meeting on 22 September 2017 Fire Authority approved that Members' basic allowances and special responsibility allowances would increase on an annual basis linked to increases set by the National Joint Council for Local Government Service. In 2022 and 2023 National Joint Council pay awards were both based on flat rate awards of £1925. This equated to an average pay increase of 4.04% in 2022 and 3.88% in 2023 across the NJC pay spine for all staff.
- 2.35 In 2024 National Joint Council pay award was agreed at based on flat rate awards of £1290. This equated to an average pay increase of 3.37% across the NJC pay spine for all staff.

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 this report is not associated with a policy, function or service.

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 prima 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 capital programme for 2025/26 included in the indicative 10-year capital programme within the MTFS.

10.5 Approve the proposed minimum level of general fund reserves of £4.25m as set out in the Reserves Strategy.

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

Reserve	Balance 01-Apr- 23 £'000	Required 2023/24 £'000	Required 2024/25 to 2026/27 £'000	To be Reallocated £'000
Fire Cover Review	53	0	0	53
On Call Pay and Contracts	38	0	-37	1
Crisis Team - ARA	10	0	0	10
External Evaluations	32	0	0	32
Occupational Therapist	104	0	0	104
Additional iTrent Support	33	-16	-15	2
System Extension/Disaggregation				172
Domestic Homicide Reviews				20
Community Advisory Group				10

10.7 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.

10.8 Approve the Member Allowance increase at 3.37% based on the average pay increase across the NJC pay spine for all staff.

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

None.

Bev Bull
TREASURER TO THE FIRE AUTHORITY

Craig Parkin
CHIEF FIRE OFFICER



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Medium Term Financial Strategy

2025/26 to 2028/29



MEDIUM TERM FINANCIAL STRATEGY

2025/26 to 2028/29

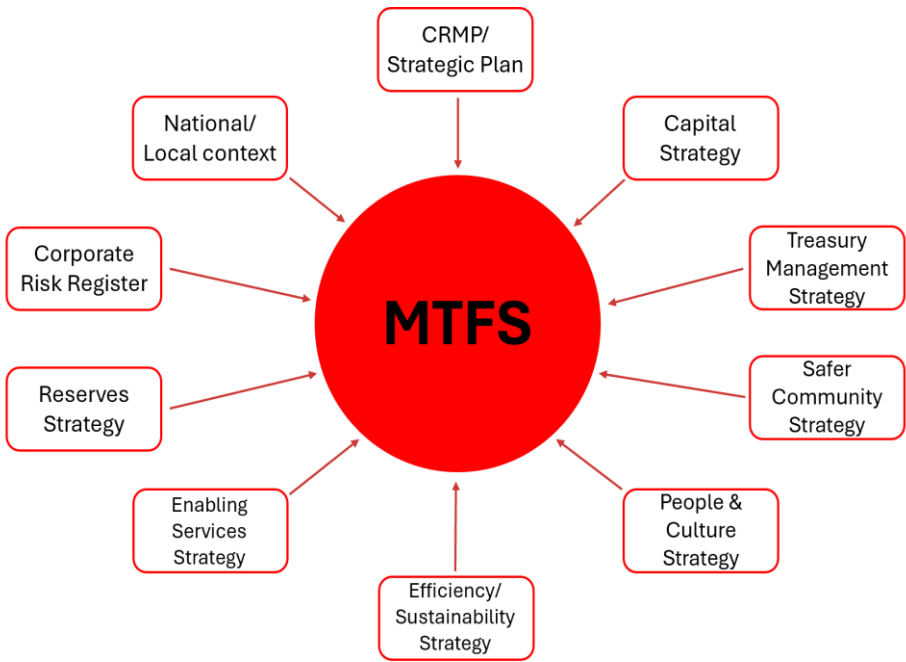
CONTENTS

Section 1	Purpose and Objectives of the Strategy
Section 2	Economic Context
Section 3	Unpredictability of Future Years Funding
Section 4	Issues Impacting on the Medium-Term Financial Strategy
Section 5	Reserves
Section 6	Medium Term Financial Plan 2025/26 to 2028/29
Section 7	Summary
Appendix 1	Capital Strategy 2025/26
Appendix 2	Ten Year Capital Plan 2025/26 – 2034/35
Appendix 3	Reserves Strategy
Other References	<ul style="list-style-type: none"> • Community Risk Management Plan • Efficiency Strategy • Treasury Management Strategy • Community Safety Strategy • Enabling Services Strategy • People and Culture Strategy • Estates Strategy • Fleet Strategy • ICT Strategy

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.



OBJECTIVES OF THE 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 for both the 2021/22 and 2022/23 statement of accounts the Authority will be receiving a disclaimed audit opinion. This is due to the national local audit system reset, and due to the auditors not having the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report. The Authority has received the auditors' commentary on value for money for 2021/22 and 2022/23, this reports no significant weaknesses and that the Fire Authority had proper arrangements in place in relation to financial sustainability, governance and improving economy, efficiency and effectiveness.
- 1.11 The Internal Annual Audit Report for 2023/24 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 its third inspection report by His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) in September 2024. HMICFRS graded the Service as ‘Good’ in ten areas with one area receiving ‘Adequate’. The ‘Good’ areas included ‘Making best use of resources’ and ‘Making the fire and rescue service affordable now and in the future’.
- 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 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 Service 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. In September 2024, CPI (Consumer Price Index) inflation decreased to 1.7% falling from 2.2% in July and August 2024. The Bank of England inflation forecast expects inflation to be around 2.7% by the end of 2025 and 2.2% by the end of 2026 before dropping back to 1.8% in 2027.
- 2.2 The bank rate has decreased in April 2024 from 5.25% (its highest level since February 2008) to 4.75% in November 2024. The high interest rate has a significant impact on the Authority's ability to borrow to fund the Capital Programme.
- 2.3 The three-month Gross Domestic Product (GDP) figure to the end of June 2024 showed an increase of 0.5%, but growth is projected to have slowed in the second half of 2024. GDP is expected to grow to 1.75% in 2025 before falling back slightly.

SECTION 3: UNPREDICTABILITY OF FUTURE YEARS FUNDING

- 3.1 The Service receives funding from three main sources
 - Grants direct from central government,
 - Business Rates a local tax on commercial properties,
 - Council Tax a local tax on residential properties.
- 3.2 The Budget on the 30 October 2024 contained some information in relation to Local Government Funding. Further information has been made available in the Local Government Finance Policy Statement issued in November 2024, the policy statement is issued in advance of the provisional local government finance settlement due to be received in mid-December.

GOVERNMENT GRANTS

- 3.3 Central government grants can be ringfenced and relate to specific areas of activity (such as Fire Prevention) or be general and make up 'core funding'. Grant funding in the form of core funding (particularly Revenue Support Grant (RSG)) has declined in recent years overall for all Fire Services.
- 3.4 The Revenue Support Grant will increase by 1.7% (September Consumer Price Indexation) in 2025/26. A reduction in RSG is currently forecast for 2026/27 as a result of the fair funding review and business rates baseline reset, this is based on information from our funding advisors.
- 3.5 The Services Grant is to be abolished in 2025/26. This had previously been assumed to £76k in 2025/26.
- 3.6 The Minimum Funding Guarantee is not expected to be received in 2025/26 and futures years. The Minimum Funding Guarantee was introduced to ensure a minimum increase in Core Spending Power was achieved, it is anticipated the increase in Core Spending Power guaranteed will be achieved through the uplifts on RSG, business rates baseline and business rates top up grant meaning no Minimum Funding Guarantee will be received.

- 3.7 The firefighter pension scheme employer superannuation rates increased significantly in 2019/20 following the scheme valuation exercise in 2016. 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, initially it was paid as a standalone grant and was not increased for inflation, however as part of the Local Government Finance Settlement for 2024/25 it was rolled into Revenue Support Grant which is increased each year by September Consumer Price Index, an increase of 1.7% will be applied for 2025/26.
- 3.8 An additional standalone Pension Grant was received in 2024/25 for the results of the 2020 valuation of the Firefighters' Pension Scheme following a delay to allow the McCloud remedy costs to be included in the valuation. The change in employer costs is effective from 2024. The increased cost is substantial and has been fully funded via the £1.6m government grant in 2024/25, there was no commitment to the grant beyond 2024/25 and this remains an area of uncertainty.
- 3.9 The Chancellors Budget on the 30 October 2024 announced additional targeted deprivation funding. The Local Government Policy Statement confirmed this by introducing a new Recovery Grant. This will be highly targeted towards authorities with the highest levels of deprivation. Authorities will be notified of allocations in the Provisional Local Government Finance Settlement to be received in mid-December. It is anticipated the Fire Sector will only receive a small amount or nothing from this funding.

BUSINESS RATES

- 3.10 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.
- 3.11 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.
- 3.12 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 inflationary increases have not been passed on to local businesses and additional business rates reliefs have been given for certain sectors. The Authority receives Section 31 Grant by way of compensation for the reduction in Business Rates collected directly.
- 3.13 As part of the Budget Statement on 30 October 2024, the Chancellor announced the following changes to the compensations to businesses:
- The small business rates multiplier will be frozen, and the standard multiplier indexed by September Consumer Price Index.
 - Retail, Hospitality and Leisure (RHL) discounts will continue but at a lower level.

- Local authorities will be “fully compensated for the loss of income from these business rates measures”.

3.14 The Government has delayed a business rate reset several times since it was originally expected in 2020/21. In the Finance Policy Statement received in November 2024 a full package of funding reforms in 2026/27 was announced including a Fair Funding Review and a full business rates baseline reset. The reset will establish new baseline funding levels and business rate baselines for each local authority. This will interplay with the level of RSG we receive.

COUNCIL TAX

3.15 It was announced in the Finance Policy Statement received in November 2024 that the maximum core Band D threshold for fire authorities for 2025/26 will be £5. This will be confirmed in the provisional local government finance settlement which will be released for consultation in mid-December.

3.16 The funding assumptions for Council Tax include an increase in Council Tax base of 1.35%, this is based on the trend over recent years. This forecast level of increase in the Council Tax base increases funding by £418k in 2025/26.

3.17 A 1.95% increase in Council Tax will create an additional funding of £613k. A 2.95% increase in Council Tax will create additional funding in the region of £613k. A £5 increase would create additional funding in the region of £1.703m. These amounts are all in addition to the £418k for the forecast increase in base.

3.18 Council Tax for the Authority is currently £92.21 at Band D. A 1.95% increase in would raise it by £1.80 to £94.01 per year which equates to £1.81 per week. A 2.95% increase would raise it by £2.72 to £94.93 per year which equates to £1.83 per week. A £5 increase would raise it to £97.71 which equates to £1.88 per week.

Table 1 – Council Tax Options Analysis

	Amount £	Increase £	Additional Income £'000
Current Band D Council Tax	£92.21		
Council Tax Base increase (1.35%)			418
1.95% increase	£94.01	1.80	613
2.95% increase	£94.93	2.72	927
£5 increase	£97.71	5.00	1,703

SECTION 4: ISSUES IMPACTING ON THE MEDIUM-TERM FINANCIAL STRATEGY

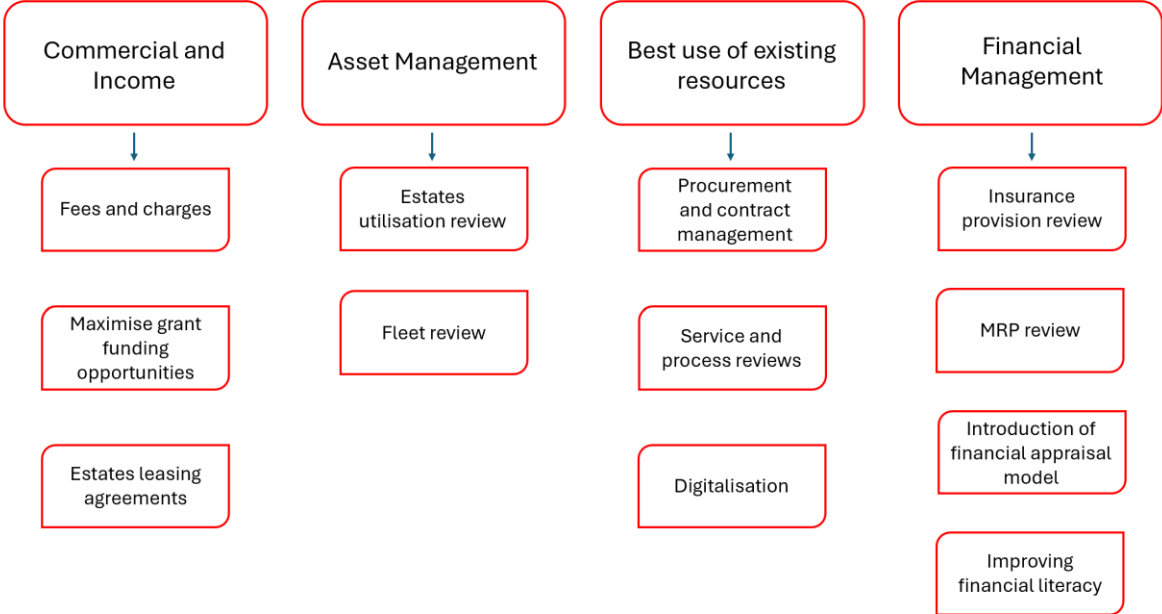
COMMUNITY RISK MANAGEMENT PLAN (CRMP)

- 4.1 The 2025-2028 CRMP is currently in draft and is out to public consultation, the final version will be presented to be approved by the Authority on 28 February 2025. The delivery of the CRMP is linked closely to the MTF5 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.
- 4.2 The revised assumptions include £150k investment for CRMP developments to support activities that must be completed to deliver the 2025-2028 CRMP. As the CRMP is further developed it is expected further resources will be needed to deliver the workstreams within the CRMP.

EFFICIENCY STRATEGY

- 4.3 The Futures 25 efficiency strategy has been the vehicle through which efficiency and productivity improvements have been delivered during the current CRMP 2022-2025.
- 4.4 The Futures 25 efficiency strategy included the following reviews:
- Workforce review of Green Book posts at Grade 5 and above
 - Fire cover review
 - Review of the flexi duty officer collective agreement
 - Governance review
 - Revenue budget management
 - Service redesign
 - Culture, EDI and Leadership
- 4.5 A Futures 25 efficiency strategy closure report was presented to Policy and Strategy Committee on the 15 November 2024, setting out the achievements and next steps to incorporate service improvement as part of business as usual activities.
- 4.6 The proposed Efficiency Strategy for the next CRMP 2025-2028 is set out in the diagram below identifying themes and workstreams that will be undertaken to improve efficiency and productivity. The activities to deliver the workstreams are included within the Annual Delivery Plans to support the delivery of the CRMP.

Efficiency Strategy 2025-2028



CORPORATE RISK REGISTER

4.7 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 complexities in implementing the pension remedy legislation
- Availability of resources - the Service loses access to key resources impacting its ability to deliver service
- Information and Data Security - potential threat that could lead to the loss of an organisations ICT systems, information or data.

4.8 The financial implications of these risks have been addressed in both the capital and revenue proposed budgets and in the Reserves Strategy.

HMICFRS INSPECTION

- 4.9 The Service received its third inspection from HMICFRS in April 2024. 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. The inspection assessed 11 areas.
- 4.10 The outcome of the inspection was made public in September 2024. HMICFRS graded the Service as 'Good' in ten areas with one area receiving 'Adequate'. The 'Good' areas included 'Making best use of resources' and 'Making the fire and rescue service affordable now and in the future'.
- 4.11 The report identified one area for improvement which is currently being addressed by inclusion in the CRMP and annual delivery plan, and this will be monitored through the Authority committee structure.

PENSIONS

- 4.12 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.
- 4.13 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.
- 4.14 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.
- 4.15 The Service has a £200k earmarked reserve to mitigate against any costs that have to be met internally. It is also included in the General Fund reserves risk register (Appendix 3 to this strategy).
- 4.16 Further information can be found in the Local Firefighter Pension Annual Report 2024 report considered by Fire Authority on 13 December 2024
- 4.17 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 and 2024/25 in order that this work can be undertaken.
- 4.18 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 was rolled into Revenue Support Grant in 2024/25, which means it is increased annually by September Consumer Price Index, an increase of 1.7% will be applied for 2025/26.

- 4.19 An additional standalone Pension Grant was received in 2024/25 for the results of the 2020 valuation of the Firefighters' Pension Scheme following a delay to allow the McCloud remedy costs to be included in the valuation. The change in employer costs is effective from 2024. The increased cost is substantial and has been fully funded via the £1.6m government grant in 2024/25, there was no commitment to the grant beyond 2024/25 and this remains an area of uncertainty.

PAY AWARD

- 4.20 The firefighter pay award was agreed at 4% for 2024/25. A 2% increase has been included in the MTFs for 2025/26 onwards based on the award being in line with inflation (the latest available data (September 2024) shows CPI at 1.7%). Any increase above these assumptions will create a cost pressure (a 1% increase relates to approximately £320k ongoing costs per year).
- 4.21 The 2023/24 pay award offer for support staff was agreed as a flat increase of £1,280. This equates to approximately a 3% increase across all support staff. A 3% increase has been included in the MTFs for 2025/26 to allow for a similar flat increase, the assumption has then reduced to 2% for future years, in line with inflation. Any increase above these assumptions will create a cost pressure (a 1% increase results in a £80k additional costs).

EMPLOYERS NATIONAL INSURANCE CONTRIBUTIONS

- 4.22 The Chancellor's Budget Statement on 30 October 2024 increased the Employers' National Insurance Contributions rate from 13.8% to 15.0%, with reduction in the threshold from £9,100 to £5,000. It has been confirmed in the Finance Policy Statement that the direct costs of this are funded for public sector. However, the funding will be through a formula which may result in the costs not being fully funded.

INVESTMENT IN TECHNOLOGICAL CAPABILITY

- 4.23 Technological changes and cyber security needs to be kept under constant review, as does the acquisition of new software packages.
- 4.24 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 and improve efficiency.
- 4.25 In recent years the ICT Department has been operating with part its resourcing being funded on a temporary basis to support time restricted projects. This will continue into 2025/26 budget. As part of the Future 25 service redesign workstream the ICT structure was to be reviewed to ensure workforce resourcing aligns to risk and future business need in these areas. A digital maturity assessment has been commissioned as part of the Futures 25 programme to inform future capability requirements in this area. This ICT review will be concluded once the newly appointed Head of Digital joins the Service.

- 4.26 On the basis that investment is needed in ICT the budget for the temporary resource has been built into base budgets for future years beyond 2025/26 to enable a permanent structure to be established following the review and approval by the Senior Leadership Team.

GRENFELL TOWER INQUIRY RESPONSE

- 4.27 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 £128k was received in 2024/25, further funding has not been confirmed at this stage.
- 4.28 The Authority is in receipt of new burdens funding from the Home Office relating to the creation of a new regional Building Safety Regulator. Further funding has not been confirmed at this stage.

EMERGENCY SERVICES MOBILE COMMUNICATION PROGRAMME (ESMCP)

- 4.29 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.
- 4.30 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

- 4.31 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

- 4.32 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.

TREASURY MANAGEMENT STRATEGY

4.33 The Treasury Strategy for the Authority was set out in full in a report to the Fire Authority on 23 February 2024. This strategy complies fully with the Chartered Institute of Public Finance and Accountancy code of practice on Treasury Management which the Authority has adopted. Successful implementation of this strategy is supported by 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

4.34 The Capital Strategy for each year is approved by Authority alongside the MTFS. The updated Capital Strategy for 2025/26 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.

4.35 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.

4.36 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 28 February 2025. The programme includes the replacement mobilising system, delivery of replacement fire appliances and investment in new fire stations.

4.37 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. This is taken into account when calculating the revenue cost of the associated debt.

THE PRUDENTIAL CODE

4.38 The Authority's Prudential Code was approved by Authority on 23 February 2024. It sets out the prudential indicators approved for 2024/25. 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 currently has set a limit for the ratio of debt costs to revenue budget of 8% and this is considered in terms of the long-term capital plans. This limit was set in 2008.

- 4.39 The Authority currently has set a limit for the ratio of debt costs to revenue budget of 8% and this is considered in terms of the long-term capital plans. This limit was set in 2008. The 10-year Capital Plan in Appendix 2 to this strategy shows that in 2028/29 the debt to budget ratio exceeds 8% and then remains above this limit. It is proposed to remove this limit as it was established in a different economic and funding environment.
- 4.40 Going forward the capital programme must be monitored and managed across the short and medium term as part of the revenue budgetary process and the associated level of debt and capital financing charges must be considered in the context of the overall budget position and affordability. Capital investment decisions must be made considering all implications for the service.
- 4.41 An appropriate target for this prudential indicator for the ratio of debt costs to revenue budget will be set each year as part of the Prudential Code for Capital Finance report that is considered and approved in February of each year.
- 4.42 The 10-year programme set out at Appendix 2 is an indicative programme and will be reviewed on an annual basis. It may be in the future that changes are made to delay or stop some of the capital schemes to maintain affordability. At this point in time the indicative programme includes all the capital investment the service has identified to meet the future needs of the service.
- 4.43 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.
- 4.44 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.
- 4.45 The Authority will also take opportunities to make voluntary Minimum Revenue Provision (MRP) contributions as they arise.
- 4.46 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

- 4.47 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.
- 4.48 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.
- 4.49 The Authority remains committed to supporting joint and collaborative working with fire and other emergency service sector colleagues across the region.

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 2025 are £10.6m, consisting of £5.1m General Reserve and £5.5m 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 £4.25m has been proposed for 2025/26, which is an increase of £150k from 2024/25, 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.
 - 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.
 - Business failure of bank or investment counterparty
- 5.4 A review of the Earmarked Reserves has been undertaken in the Reserves Strategy. This has identified £202k of available reserves are no longer required. It is proposed that these are reallocated to the following existing earmarked reserves:
- Systel Extension/Disaggregation £172k
 - Domestic Homicide Review £20k

- Community Advisory Group £10k

5.5 Any unplanned expenditure or overspends may need to be met from the General Reserve or existing Earmarked Reserves.

SECTION 6: MEDIUM TERM FINANCIAL PLAN 2025/26 TO 2028/29

6.1 In February 2024, the Authority set a balanced budget for 2024/25, although this was only achieved by using £138k of the Budget Pressure Support Earmarked Reserve. The report predicted shortfalls in 2025/26 and 2026/27 of £1.9m and £1.5m respectively.

6.2 Whilst there remain areas of uncertainty, budget assumptions have been reviewed, which include:

Funding updates

- Revenue Support Grant revised projections
- Removal of the Services Grant
- Pension Grant remains with no increase
- Removal of Minimum Funding Guarantee
- Business Rates revised projections
- Changes in Council Tax precept levels

Expenditure updates

- 2025/26, 2026/27 and 2027/28 pay awards.
- Non pay inflation
- Service demands – including increases in fleet management costs, and buildings repairs and maintenance, contract cleaning, a reduction in the non-uniform vacancy factors.
- CRMP development
- Savings identified including wholetime pay development rates, reductions on gas, electricity and fuel, prevention review, SLT review
- Changes in MRP and interest payable impacted by changes in capital programme
- Changes in interest receivable to reflect the forecast cash balances and interest rates

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 2025 and the Authority in February 2025.

6.4 Given the uncertainty discussed in this strategy, three scenarios have been considered – a worst case, a central case and a best-case scenario.

SCENARIO 1 – WORST CASE SCENARIO

6.5 The worst-case scenario assumes that:

- The 2025/26 pay award is settled at 4% for all staff

- Government funding Revenue Support Grant (RSG) and Business Rates top up grant increase by Sept CPI of 1.7% for 2025/26 and 2% for all future years.
- Pension Grant remains flat in cash terms at £1.639m.
- Minimum Funding Guarantee is not received in 2025/26 and futures years
- Services Grant is removed
- Council Tax base increases by 1.35% in 2024/25 and future years.
- Council Tax is increased at 2.95% in all future years

6.6 This scenario would result in a £1.8m deficit in 2025/26 and has an ongoing deficit in excess of £3m as detailed in the table 2 below. Significant ongoing savings will need to be identified in order to balance the budget if this scenario happens.

Table 2 – Worst Case Scenario 2.95 % Council Tax increase and 4% Pay Award

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Estimated Spend/ Budget Requirement	52,688	55,118	56,652	58,614	59,744
Revenue Support Grant (RSG)	(8,939)	(9,088)	(7,804)	(7,643)	(7,469)
Business Rate (BR) Income	(3,892)	(3,818)	(4,618)	(4,680)	(4,746)
BR Top up Grant	(7,988)	(8,078)	(7,439)	(7,538)	(7,646)
Funding Guarantee	(738)	-	-	-	-
Council Tax 2.95% in all years	(30,993)	(32,338)	(33,741)	(35,205)	(36,733)
Budget Deficit	138	1,796	3,050	3,548	3,150

6.7 If the 5% Council Tax flexibility is taken in 2025/26 the deficit position would become £1.019m in 2025/26 and 2.238m 2026/27.

If a nil Council Tax increase is taken in 2025/26 the deficit position would become £2.723m in 2025/26 and £4.016m 2026/27.

SCENARIO 2 – CENTRAL CASE

6.8 The Central Case scenario assumes that:

- The 2025/26 pay award is settled at 2% for fire fighters and 3% for support staff (the equivalent of the 2024/25 flat rate increase)

- Government funding Revenue Support Grant (RSG) and Business Rates top up grant) increase by Sept CPI of 1.7% for 2025/26 and 2% for all future years.
- Pension Grant remains flat in cash terms at £1.639m.
- Minimum Funding Guarantee is not received in 2025/26 and futures years
- Services Grant is removed
- Council Tax base increases by 1.35% in 2024/25 and future years.
- Council Tax is 2.95% in all future years

6.9 This scenario would result in a £1.248k deficit in 2025/26 which increases to £2.335m by 2026/27. This scenario is likely to need both the use of reserves and savings to be made.

Table 3 – Central Case Scenario 2.95% Council Tax in all years

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Estimated Spend/ Budget Requirement	52,688	54,570	55,937	57,885	59,000
Revenue Support Grant (RSG)	(8,939)	(9,088)	(7,804)	(7,643)	(7,469)
Business Rate (BR) Income	(3,892)	(3,818)	(4,618)	(4,680)	(4,746)
BR Top up Grant	(7,988)	(8,078)	(7,439)	(7,538)	(7,646)
Funding Guarantee	(738)	0	0	0	0
Council Tax £5 2025/26 and 2.95% all future years	(30,993)	(32,338)	(33,741)	(35,205)	(36,733)
Budget Deficit	138	1,248	2,335	2,819	2,406

6.10 If a nil Council Tax increase is taken in 2025/26 the deficit position would become £2.175m in 2025/26 and £3.301m 2026/27

SCENARIO 2 – BEST CASE

6.11 The Best-Case scenario assumes that:

- The 2025/26 pay award is settled at 2% for fire fighters and 3% for support staff (the equivalent of the 2024/25 flat rate increase)

- Government funding Revenue Support Grant (RSG) and Business Rates top up grant) increase by Sept CPI of 1.7% for 2025/26 and 2% for all future years.
- Pension Grant remains flat in cash terms at £1.639m.
- Minimum Funding Guarantee is not received in 2025/26 and futures years
- Services Grant is removed
- Council Tax base increases by 1.35% in 2024/25 and future years.
- Council Tax is increased at £5 in 2025/26, 2.95% in all future years

6.12 This scenario would result in a £471k deficit in 2025/26 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 4 – Best Case Scenario £5 Council Tax increase in 2025/26 and 2.95% all future years

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Estimated Spend/ Budget Requirement	52,688	54,570	55,937	57,885	59,000
Revenue Support Grant (RSG)	(8,939)	(9,088)	(7,804)	(7,643)	(7,469)
Business Rate (BR) Income	(3,892)	(3,818)	(4,618)	(4,680)	(4,746)
BR Top up Grant	(7,988)	(8,078)	(7,439)	(7,538)	(7,646)
Funding Guarantee	(738)	0	0	0	0
Council Tax £5 2025/26 and 2.95% all future years	(30,993)	(33,115)	(34,553)	(36,051)	(37,616)
Budget Deficit	138	471	1,523	1,973	1,523

6.13 It is therefore likely that the Service will need to identify savings in the region of £2.0m moving forward. The Service currently holds £1.126m in a Budget Pressure Support Earmarked Reserve. The service will need to realise savings through the Efficiency Strategy and utilise the Budget Pressure Support Earmarked Reserve to smooth budget deficits going forward to enable the Service time to implement the activities to deliver the saving needed.

SECTION 7: SUMMARY

- 7.1 This MTFs has been written against a backdrop of financial and economic uncertainty. The provisional local government finance settlement due to be received in mid-December will confirm the government funding figures and the collection fund details for business rates and Council Tax are known at the end of January 2025.
- 7.2 Whilst the Local Government Finance Policy Statement issued in November 2024 announced the fire sector has the flexibility to increase Council Tax by £5 in 2025/26, it is not known if this flexibility will remain after 2025/26. The impact of the fair funding review and business rates baseline funding levels in 2026/26 adds to the uncertainty in future years.
- 7.3 The best-case scenario assumes the £5.00 flexibility in Council Tax is taken and after considering the economic situation and expected costs, shows a 2025/26 deficit position of £471k. Future year deficits are then consistently higher.
- 7.4 It is therefore likely that the Service will need to identify savings in the region of £2.0m moving forward. The Service currently holds £1.126m in a Budget Pressure Support Earmarked Reserve. The service will need to realise savings through the Efficiency Strategy and utilise the Budget Pressure Support Earmarked Reserve to smooth budget deficits going forward.
- 7.5 In the central case scenario, estimates show that a 2025/26 deficit of £1.2m could be likely, even assuming a 2.95% Council Tax increase. If there were to be no increase in Council Tax levels the 2025/26 deficit would rise to £2.175m. If this were to be the case, then more significant savings would be required.
- 7.6 In the worst-case scenario, assuming the pay-award is 4%, so higher than the budgeted pay award, estimates show that a 2025/26 deficit of £1.8m could be likely, even assuming a 2.95% Council Tax increase. If there were to be no increase in Council Tax levels the 2025/26 deficit would rise to £2.7m. If this were to be the case even further significant savings would be required.
- 7.7 Whilst there remain clear challenges ahead, the early announcement of the £5.00 flexibility in the Council Tax gives the Authority the opportunity to consider this option and enables it to start this journey in a relatively positive position whereby it has sufficient reserves to enable a phased approach to achieve the savings 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 28 February 2025 the Fire Authority will consider the budget report with the objective of setting Council Tax levels for 2025/26.

CAPITAL STRATEGY 2025/26

Date Reviewed by Fire Authority: December 2024

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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
 - Environmental, Social impact of capital projects and assets

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 2024 will set the funding limits for the period from 2025/26. 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 2025.
- 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 4.8% of the Authority's revenue budget by the end of 2024/25, 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.

As the 8% limit was established in a different economic and funding environment as part of the 2025/26 budget process, it is recommended that the 8% cap is removed from 1st April 2025. An appropriate target for this prudential indicator will be set each year as part of the Prudential Code for Capital Finance report that is considered and approved in February of each year. The level of debt and associated capital financing charges will be monitored and managed across the short and medium term as part of the revenue budgetary process.

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. The Provisional Statement (released 18th December 2023) confirmed the flexibility to use capital receipts to fund revenue reform projects has been extended to March 2030.

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 2025/26

For the financial year 2025/26 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.

Capital Expenditure Forecast	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	Budget 2034/35 £000	10 Year Programme Total £000
Access management system	400	0	0	0	0	0	0	0	0	0	400
Subtotal: Equipment	2,675	3,905	1,910	3,025	285	0	0	0	0	0	11,800
I.T. & COMMUNICATIONS											
ICT Replacement Equipment	180	200	250	391	250	250	250	250	250	250	2,521
Mobile Computing	0	0	90	0	0	90	0	0	0	0	180
HQ Core Switch Upgrade	0	50	0	0	0	0	0	0	0	0	50
Payroll, Finance and Occupational Health Upgrade	30	0	30	0	30	30	0	0	0	0	120
Subtotal: IT & COMMUNICATIONS	210	250	370	391	280	370	250	250	250	250	2871
EMERGENCY SERVICES MOBILE COMMUNICATIONS											
Tri-Service Control & mobilisation	781	300	0	0	0	1,000	0	0	0	0	2,081
Subtotal: EMERGENCY SERVICES MOBILE COMMUNICATIONS	781	300	0	0	0	1,000	0	0	0	0	2,081
TOTAL: CAPITAL PROGRAMME	6,506	8,147	4,371	7,361	3,455	2,060	2,174	1,245	714	730	36,763

Capital Financing Forecast	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	Budget 2034/35 £000	10 Year Programme Total £000
Capital Receipts	10	210	110	10	510	10	10	10	10	0	890
Borrowing	6,496	7,937	4,261	7,351	2,945	2,050	2,164	1,235	704	730	35,873
Revenue / Earmarked Reserves	0	0	0	0	0	0	0	0	0	0	0
TOTAL	6,506	8,147	4,371	7,361	3,455	2,060	2,174	1,245	714	730	36,763
Forecasted Debt Cost Ratio	6.43%	7.90%	8.95%	9.58%	10.10%	9.98%	10.34%	10.48%	10.34%	9.95%	N/A



NOTTINGHAMSHIRE
Fire & Rescue Service

RESERVES STRATEGY

2025/26 to 2028/29

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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 2024/25, the General Reserve was £5.083m, which represented 9.6% of the 2024/25 net revenue budget of £52.688m. 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 likelihood 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 2025/26. Annual inflation using the CPI measure in September 2025 was 1.7%. The 2025/26 Medium Term Financial Strategy (MTFS) has budgeted for a 2%-3% pay award. A potential cost of £0.750m 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 £563k 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 fund some of the costs relating to pension remedy.

A potential cost of £1m has been included in the General Fund Risk Analysis. The risk factor has been reduced from 0.4 to 0.2 to reflect the new legislation now in place. This leaves a value of £200k in the reserve (reduced from £400k in 2024/25).

- 3) **Risk of a significant overspend.** The 2025/26 budget has been set after giving consideration to the areas of underspend in 2024/25, reducing some service areas budgets to align with expected expenditure levels. In 2024/25 the underspends have been able to mitigate other costs pressures, it is anticipated there will be less flexibility to do this in 2025/26 budget. There also remains concern over inflation levels that are having a significant impact on contracts, maintenance and capital expenditure. This risk factor has increased from 0.4% to 0.5% to give a value of £500k in the General Fund reserve.

2.13 The ability to set a balanced budget was in the top three risks in the 2024/25 risk register, with a potential cost of £1m. This has been kept at £500k in the 2025/26.

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 increased from £4.1m to £4.3m.

2.16 Previous year's minimum levels of General Reserves have remained between £3.9m and £4.5m as detailed below:

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

Year	Minimum General Fund Reserve level £'m
2025/26	4.3
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 2025 is of the order of £5.0m (section 2.5). The General Fund reserve exceeds the minimum level required by £0.8m. 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 2024, the Authority had £5.8m 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 £1.4m of earmarked reserves held at 31 March 25 will relate to unspent grant. A significant proportion of this (£0.9m) 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 24 £'000	Expected Balance 31 March 25 £'000	Required 2025/26 to 2028/29 £'000	Estimated Unused 31 Mar 29 £'000
Prevention Protection and Partnership	357	437	437	0
Emergency Services Network	998	998	0	998
Other ICT	149	132	132	0
Operational	1,480	1,143	1,143	0
Pensions	311	391	391	0
Budget Pressure Support	1,126	1,126	1,126	0
Futures 25 Efficiency Strategy	576	476	476	0
Capital	303	303	128	175
Other	544	509	351	159
Total	5,845	5,516	4,184	1,332

- 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 2025/26 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 know pressures for 2025/26 and beyond.
- 3.6 Appendix B contains details of all Earmarked Reserves along with proposed amounts for reallocation. Table 3 provides a summary of those reserves identified for reallocation.

Table 3 – 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
Fire Cover Review	53	0	0	53
On Call Pay and Contracts	38	0	-37	1
Crisis Team - ARA	10	0	0	10
External Evaluations	32	0	0	32
Occupational Therapist	104	0	0	104
Additional iTrent Support	33	-16	-15	2
Total	271	-16	-52	202

- 3.7 The review of Earmarked Reserves has identified £202k for reallocation. It is proposed that this be transferred to the following earmarked reserves:

Table 4 – Proposed re-allocation of Earmarked Reserves

4 SUMMARY

- 4.1 It is appropriate to advise Members that the level of reserves held by the Authority will be sufficient during 2025/26 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 2025/26 budgets are set in February 2025.
- 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 2025 is expected to be in the region of £10.6m.
- 4.4 The expected level of General Fund Reserves as at 1 April 2025 is expected to be in the region of £5.083m, which exceeds the £4.250m minimum level identified for 2025/26 by £0.8m.
- 4.5 Earmarked Reserves are expected to be in the region of £5.4m at 1 April 2025. These are expected to be fully spent by the end of 2028/29 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 £202k of earmarked reserves have been identified for reallocated to:
- Systel Extension/Disaggregation £172k;
 - Domestic Homicide £20k
 - Community Advisory Group £10k

2025/26 General Fund Risk Analysis

Appendix A

Risk No	Risk Description	Risk Effect	Control Measures	2025/26 Risk Value	2025/26 Risk Factor Reflecting Likelihood	2025/26 Reserve Required
1	Pay awards agreed at higher rate than budget	Additional costs. Risk value is 2% over rate included in budget.		750,000	0.75	562,500
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	0.2	200,000
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	0.5	500,000
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 e.g. 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. Efficiency programme identifying a range of potential savings. Use national advisors to update on Funding position.	1,600,000	0.2	320,000
6	Replacement Mobilising System failure to deliver new system on time and on budget.	Could result in significant costs until replacement system successfully installed.	Project being carefully managed and monitored by strategic leadership team and Policy and Strategy Committee.	700,000	0.5	350,000
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. Efficiency strategy. 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		Loss of working capital or investment funds up to £4m (The maximum value to be placed with one counterparty).	Treasury management strategy, risk analysis of investment options and counterparties	4,000,000	0.1	400,000
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
11	Property structural problem identified 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	0.75	225,000
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 redirected.	500,000	0.1	50,000
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	Revenue budget is included to cover insurance 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					4,250,000

Earmarked Reserve Position 2024/25 to 2028/29

Appendix B

	Balance 01-Apr-24 £	Contribution to EMR 2024/25 £	Requirement 2024/25 £	Reallocated 2024/25 £	Estimated Balance 31-Mar-25 £	Required 2026 - 2029 £	Balance 31-Mar-29 £
Prevention Protection and Partnership							
Community Safety - Innovation Fund	62,174	0	(3,912)	0	58,262	58,262	0
Grenfell Infrastructure Fund	16,582	0	(1,000)	0	15,582	15,582	0
Fire Protection Funding / Uplift grant	206,914	128,000	(48,627)	0	286,287	286,287	0
Accreditation, Recognition & Prior Learning	15,525	0	(5,058)	0	10,467	10,467	0
BRS Training Funds	13,708	0	0	0	13,708	13,708	0
Community Advisory Group	0	0	0	10,000	10,000	10,000	0
Children's Home Safety Equipment Scheme	42,363	0	0	0	42,363	-42,363	0
Prevention Protection and Partnership subtotal	357,266	128,000	(58,597)	10,000	436,669	436,669	0
Resilience							
New Threats / MTFA	33,456	0	(4,824)	0	28,632	0	28,632
Resilience subtotal	33,456	0	(4,824)	0	28,632	0	28,632
ICT							
Systel Security PSN Work (NFRS)	266,370	0	0	0	266,370	0	266,370
ESN (Regional)	100,617	0	0	0	100,617	0	100,617
ESN RAP Work (NFRS)	348,817	0	0	0	348,817	0	348,817
ESN Control Room ICT	20,100	0	0	0	20,100	0	20,100
Systel Airwave ESN Transition (NFRS)	173,184	0	0	0	173,184	0	173,184
ESN - Notts Local Transition Fund (NFRS)	12,368	0	0	0	12,368	0	12,368
Delivery of ESN – Additional funding (NFRS)	77,000	0	0	0	77,000	0	77,000
ESN Sub Total	998,455	0	0	0	998,455	0	998,455
WIFI Enhancement - Local Resilience Forum	2,701	0	0	0	2,701	2,701	0
CFRMIS Project	55,395	0	0	0	55,395	55,395	0

	Balance 01-Apr-24 £	Contribution to EMR 2024/25 £	Requirement 2024/25 £	Reallocated 2024/25 £	Estimated Balance 31-Mar-25 £	Required 2026 - 2029 £	Balance 31-Mar-29 £
Additional iTrent Support	32,529	0	(15,529)	(1,782)	15,218	15,218	0
Business System Development	58,818	0	0	0	58,818	58,818	0
ICT Subtotal	1,147,898	0	(15,529)	(1,782)	1,130,587	132,132	998,455
Operational							
Operational Equipment	19,992	0	0	0	19,992	19,992	0
Tri Service Control - Mobile Data Terminals	100,000	0	(100,000)	0	0	0	0
Replacement Mobilising System	931305	0	(285,450)	0	645,855	645,855	0
Systel Extension/Disaggregation	300000	0	(78,937)	172,625	393,688	393,688	0
Fire Cover Review	53,100	0	0	(53,100)	0	0	0
On Call Pay and Contracts	38,320	0	0	(1,760)	36,560	36,560	0
Crisis Team - ARA	10,000	0	0	(10,000)	0	0	0
Domestic Homicide	0	0	0	20000	20,000	20,000	0
Rostering project	27,291	0	0	0	27,291	27,291	0
Operational subtotal	1,480,008	0	(464,387)	127,765	1,143,386	1,143,386	0
Estates							
Bestwood Lodge Security	62,000.00	0.00	0	0	62,000	62,000	0
Towers	129,890.00	0.00	0	0	129,890	0	129,890
Estates subtotal	191,890	0	0	0	191,890	62,000	129,890
Pensions							
Fire Pension Admin Grant	110,668	117,000	(36,556)	0	191,111	191,111	0
McCloud Pension Remedy	200,000	0	0	0	200,000	200,000	0
Pensions subtotal	310,668	117,000	(36,556)	0	391,111	391,111	0
Other							
External Audit Fees	143,777	0	0	0	143,777	143,777	0
Redmond Review Grant	39,141	64,149	0	0	103,290	103,290	0

	Balance 01-Apr-24 £	Contribution to EMR 2024/25 £	Requirement 2024/25 £	Reallocated 2024/25 £	Estimated Balance 31-Mar-25 £	Required 2026 - 2029 £	Balance 31-Mar-29 £
External Evaluations	32,075	0	0	(32,075)	0	0	0
Occupational Therapist	103,908	0	0	(103,908)	0	0	0
Disclosure Checks	0	41,500	0	0	41,500	41,500	0
Budget Pressure Support	1,126,076	0	0	0	1,126,076	1,126,076	0
Efficiency Programme	576,229	0	(100,000)	0	476,229	476,229	0
Other Subtotal	2,021,206	105,649	(100,000)	(135,983)	1,890,872	1,890,872	0
Capital							
Capital Reserve	128,000	0	0	0	128,000	128,000	0
Capital Funding Equalisation	175,000	0	0	0	175,000	0	175,000
Capital Subtotal	303,000	0	0	0	303,000	128,000	175,000
TOTAL	5,845,392	350,649	(679,893)	0	5,516,148	4,184,170	1,331,978

DETAILS ON INDIVIDUAL RESERVES

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

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.

Children's 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.

Fire Cover Review

This reserve has been set aside to cover costs related to delivering the Fire Cover Review to inform the development of the CRMP.

Redmond Review Grant

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

Budget Pressure 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 Efficiency programme.

Capital Reserves

This reserve was established to manage risks within the capital programme including the risk of interest rate fluctuations.

Pension Reserves

This reserve was established to mitigate any cost that may have to be met internally following the McCloud judgement.

Replacement Mobilising System

This reserve is to support the replacement of the current mobilisation system.

System Extension / Disaggregation

This reserve was established to manage risks with the current mobilisation system due to risks with the current provider.

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NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

TREASURY MANAGEMENT MID-YEAR REVIEW 2024/25

Report of the Treasurer to the Fire Authority

Date: 13 December 2024

Purpose of Report:

To provide Members with an update on treasury management activity during the first half of the 2024/25 financial year.

Recommendations:

That Members note the contents of this report.

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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. Opportunities for restructuring any debt previously drawn may also be considered to meet the 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.
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.
5. Quarterly reports on the Treasury Management position are required. The quarterly reports monitor and update the Treasury/Prudential indicators and are included along with the budget monitoring reporting to 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 2024/25 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 2024/25
 - A review of the Authority's borrowing strategy for 2024/25
 - A review of any debt rescheduling undertaken in 2024/25
 - A review of compliance with Treasury and Prudential Limits for 2024/25.
- 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
- 1.7 The Capital Strategy forms part of the Medium-Term Financial Strategy which is also on this agenda.

2. REPORT

ECONOMIC UPDATE

- 2.1 At the start of the financial year, April 2024, the Bank of England interest rate was 5.25%, reducing to 5.0% in August 2024. It was held at this rate at the Monetary Policy Committee September meeting and has been reduced to 4.75% at the November meeting.
- 2.2 In April 2024 the twelve-month CPI inflation rate was 2.3% falling to the 2% target in May and June 2024 then increasing to 2.2% in July and August 2024, then falling again in September 2024 to 1.7%. Core CPI inflation, which excludes energy, food, beverages and tobacco, was 3.2% in September 2024 down from 3.5% in June 2024.
- 2.3 Gross Domestic Product (GPD) growth in 2024 Q2 was slightly weaker than expected, increasing by an estimated 0.5% in the three months to June 2024. GDP growth has been underpinned by growth in household consumption and business investment, supported by increases in household real incomes and a waning drag from higher interest rates. However, wage growth is easing as the annual growth in the private sector average weekly earnings fell to 4.8% in the three months to August, down from a peak of just above 8% in mid-2023.

- 2.4 The 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank of England’s August rate cut signalled the start of its loosening cycle. Following the Bank’s decision to hold the base rate at 5% in September, the market response was muted with only a 5-basis point increase following the announcement. The base rate was reduced further to 4.75% at the November meeting of the Monetary Policy Committee. This led to a slight reduction of between 5 and 7 basis points on gilt yields across the curve, although rates have risen against since. Gilt yields are currently fairly volatile as investors continue to assess the likely impact of numerous factors, including the recent UK Budget, the US election results and continuing conflict in the Middle East.
- 2.5 Looking ahead, the policy announcements made by the Chancellor during her delivery of the October 2024 are expected to be inflationary, at least in the near-term. The Bank of England forecasts CPI to be 2.7% year on year in Q4 2025 and 2.2% in Q4 2026, before dropping back to 1.8% in 2027. The anticipated major investment in the public sector is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The election of Donald Trump as US President could contribute to inflationary pressures.

INTEREST RATE FORECASTS

- 2.6 The Authority’s treasury advisors regularly provide interest rate forecasts (see table 1 below). They forecast that the next reduction in bank rate will be in February, and that a pattern will evolve whereby rate cuts are made quarterly. However, any movement in bank rate below 4% will be very much dependent on inflation data in the second half of 2025. PWLB rate forecasts have been revised upwards to reflect increased concerns around the future path of inflation and the increased level of government borrowing over the term of the current parliament.

Table 1 – Link Group Interest Rate Forecasts as at 11 November 2024

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY UPDATE

- 2.7 The Treasury Management Strategy, including the Annual Investment Strategy, was approved by Fire Authority Members on 23 February 2024. No changes to the Strategies are proposed.

CAPITAL EXPENDITURE

2.8 Table 2 below shows the revised estimates for capital expenditure and changes to the capital programme since the budget was agreed on 23 February:

Table 2 – Capital Expenditure

	Original budget 2024/25 £'000	Revised budget 2024/25 £'000	Estimated outturn 2024/25 £'000
Transport	3,117	4,740	3,436
Equipment	455	711	711
Estates	2,030	2,582	2,582
IT and Communications	2,626	3,554	3,606
Total	8,228	11,587	10,335
To be financed by:			
Borrowing	7,601	6,934	5,682
Capital Receipts	10	3,000	3,000
Revenue/Earmarked Reserves	617	1,284	1,284
Capital Grant	0	369	369
Total	8,228	11,587	10,335

The movement between the original and revised budgets is due to a combination of capital slippage, repurposed underspends and other requested increases, all of which have 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

2.9 Table 3 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.

Table 3 – CFR and Operational Boundary

	Original estimate £'000	Current position £'000	Revised estimate £'000
Prudential Indicator – Capital Financing Requirement			
Opening CFR	36,906	35,638	35,638
Net movement during the year	2,800	-222	4,033
Closing CFR	39,706	35,416	39,671
Prudential Indicator – Operational Boundary			

Borrowing	39,700	32,900	32,900
Other long-term liabilities	200	0	See section 2.10
Total external debt	39,900	32,900	32,900

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 2024/25 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.

- 2.10 The leasing standard *IFRS 16 Leases* has been incorporated into the CIPFA Code of Practice on Local Authority Accounting with effect from 1 April 2024. IFRS 16 removes the operating lease categorisation for lessees. With the exception of short-term leases and leases of low value assets, a lessee will be required to recognise a right of use asset and an associated lease liability. This effectively moves all material long-term leases “on balance sheet”. The resulting lease liability will be reported under “Other long-term liabilities” in the Operational Boundary prudential indicator. Although an assessment of potential lease liabilities is underway, it is not possible to estimate the 2024/25 closing balance at this time.

REVIEW OF THE AUTHORISED LIMIT

- 2.11 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 2024/25 has been set at £44,670,000. There is no need for this limit to be revised.

REVIEW OF THE BORROWING STRATEGY

- 2.12 The approved strategy for 2024/25 was to use a combination of capital receipts, borrowing and internal funds to finance capital expenditure. The Authority is due to receive a £3m capital receipt for the sale of the old HQ and it has also received an additional £8m pension grant to fund the additional costs arising from the McCloud and Matthews pension cases. Due to the time taken to process the pension cases it is unlikely that the grant will be required before the end of the financial year. It is therefore probable the Authority will have sufficient cash balances to fund the capital programme through internal borrowing in 2024/25, and will not require additional external borrowing.
- 2.13 The use of internal borrowing is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in order to

manage the interest rate risk should it need to be replaced with external borrowing.

- 2.14 In the Treasury Management Strategy it was predicted that the Authority would need to borrow up to £8m during the 4-year period from 1 April 2024 to finance the capital programme.
- 2.15 Public Work Loan Board (PWLB) rates have been less volatile than at this time last year. Overall, the 10, 25 and 50-year part of the gilt yield curve endured a little volatility during the first half of 2024/25, but rates in September were very similar to those in April. There was some downward movement at the shorter part of the curve as markets positioned themselves for cuts to the Bank of England base rate. Going forwards, PWLB rate forecasts have been revised upwards, as outlined in section 2.6.
- 2.16 The Authority's capital financing requirement (CFR) as of 31 March 2024 was £35.6m, and the revised estimate for 31 March 2025 is £39.7m. 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 2025. This £3m may need to be refinanced, depending on the timing of the capital receipt for the old HQ.
- 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.

ANNUAL INVESTMENT STRATEGY

- 2.19 The Treasury Management Strategy for 2024/25 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 The UK's sovereign rating has proven robust through the first half of 2024/25, with S&P and Fitch affirming their ratings at AA- and the outlook as stable.

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 1.

- 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 2024 totalled £17.5m, £10.5m of which were held with UK banks or building societies. The remaining £7m is held with English Local Authorities. A list of investments can be found in Appendix 2. Investment rates are monitored within the benchmarking group supported by Link Asset Services. The group consists of 14 members, including NFRS. The latest report (September 2024) showed NFRS's weighted average rate of return to be 4.89% compared with a group average of 4.95%.
- 2.25 The Authority has adopted a liquidity benchmark, which is a Weighted Average Life (WAL) of approximately 3 months and recommended maximum WAL limit of 0.40 years. At 30 September the WAL was 65 days, which is around 0.18 years, 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 Sterling Overnight Index Average (SONIA) compounded rate. At 30 September the 3-month SONIA compounded rate was 5.0766%. 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 2024 to 30 September 2024.
- 2.28 The Authority's revised budget for investment interest for 2024/25 is £275k, the forecast outturn for the financial year currently stands at £632k. The £357k forecasted surplus is partly due to relatively high interest rates, but mainly due to the increased level of investment balances resulting from the receipt of an additional £8m pension grant in July.

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 2024 the Authority has operated within the treasury and prudential indicators set out in the 2024/25 Treasury Management Strategy, with the exception of the indicator for the proportion of net debt to gross debt. The August Monitoring report which was presented to Members of the Finance and Resources Committee on 18 October detailed a breach of this indicator. The breach is due to the unusually high level of investment balances. If the additional £8m of balances relating to the pension grant are excluded, then the proportion of net debt to gross debt is within the approved limits. The Head of Finance

reports that no difficulties are envisaged for the current or future years with complying with the remaining indicators. All treasury management operations have been conducted in full compliance with the Authority's Treasury Management Practices.

2.30 The approved and estimated Prudential and Treasury Indicators are shown in table 4 below:

Table 4 – Prudential and Treasury Indicators for 2024/25

Treasury or Prudential Indicator or Limit	Approved for 2024/25	Estimate as at 30/09/24
Maximum ratio of Financing Costs to Net Revenue Stream	8.0%	Not exceeded
Estimate of Ratio of Financing Costs to Net Revenue Stream	5.0%	Revised year end estimate: 3.7%
Estimate of Total Capital Expenditure to be Incurred	£8,228,000	Revised year end estimate: £10,335,000
Estimate of Capital Financing Requirement	£39,706,000	Revised year end estimate: £39,671,000
Operational Boundary	£39,900,000	Not exceeded
Authorised Limit	£44,670,000	Not exceeded
Estimated External Borrowing at 31 March 2025	n/a	£29,900,000
Upper limit for fixed rate interest exposures	100%	100%
Upper limit for variable rate interest exposures	30%	0%
Loan Maturity:	Limits:	Actual as at 30/09/24
Under 12 months	Upper 20% Lower 0%	9%
12 months to 5 years	Upper 30% Lower 0%	11%
5 years to 10 years	Upper 75% Lower 0%	6%
10 years to 20 years	Upper 100% Lower 0%	6%
Over 20 years	Upper 100% Lower 30%	68%
Upper Limit for Principal Sums Invested for Periods Longer than 364 Days	£2,000,000	Not exceeded
Local Indicators:		
Upper limit for internal borrowing as a % of the Capital Financing Requirement	20%	Revised year end estimate: 17.1%
Proportion of net debt to gross debt	50% - 85%	Actual as at 30/09/24: 46.8% Revised year end estimate: 81.6%
Investment security benchmark: maximum historic default risk of investment portfolio	0.05%	Actual as at 30/09/24: 0.003%

Investment liquidity benchmark: maximum weighted average life of investment portfolio	0.40 years	0.18 years
Investment yield benchmark	Internal returns to be above 3 month compounded SONIA rate	Actual as at 30/09/24: SONIA rate 5.077% Authority rate 4.89%

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 no 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 2024/25 financial year as required under the Local Government Act 2003.

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

None.

Bev Bull
TREASURER TO THE FIRE AUTHORITY

Approved Countries for Investments as of 30 September 2024

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

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

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Qatar (upgraded from AA- 20/03/24)

AA-

- U.K.

Investments held as of 30 September 2024

Borrower	Principal	Interest Rate	Start Date	Maturity Date
Bank of Scotland	£3,000,000	4.88%		Call
Lloyds Bank	£4,000,000	4.88%		Call1
Nationwide Building Society	£1,000,000	3.40%		Call1
Blackpool Borough Council	£4,000,000	5.25%	31/07/2024	31/10/2024
Barclays Bank	£1,000,000	4.95%		Call32
Nationwide Building Society	£500,000	4.35%		Call95
Santander UK	£1,000,000	4.93%		Call95
Surrey County Council	£3,000,000	5.00%	26/07/2024	05/02/2025
Total Investments	£17,500,000	4.89%		



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

LOCAL FIREFIGHTER PENSION ANNUAL REPORT 2024

Report of the Chief Fire Officer

Date: 13 December 2024

Purpose of Report:

To report to Members on the activities of the Local Firefighter Pension Board and Scheme Manager up to 30 November 2024.

Recommendations:

That Members take note of the activity of the Pension Board and Pension Scheme Manager, along with the update of current pension issues.

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1. BACKGROUND

- 1.1 The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public service pension schemes, including those pension schemes for fire and rescue workers. The governance arrangements in place for this Authority's firefighters' pension scheme are attached at Appendix A. The Act included the requirement for a Local Pension Board to be established by each responsible Authority.
- 1.2 In April 2015, this Committee approved the creation of a Local Pension Board in respect of the firefighter pension schemes, in accordance with the requirements of the Public Services Pensions Act 2013 (the Act). This Board is known as the Local Firefighter Pension Board.
- 1.3 The Fire Authority is the Scheme Manager for the firefighter pension schemes, which is a role defined by the Act. The role of Scheme Manager is delegated to the Head of Finance post. This report communicates to the Fire Authority about the activities of the Head of Finance, as delegated Scheme Manager, and of the Local Firefighter Pension Board to date.

2. REPORT

CONSTITUTION

- 2.1 A constitution for the Local Firefighter Pension Board was initially approved by the Policy and Strategy Committee at the time that the Board was created in 2015. Subsequent changes have been made to improve the running of the Board, the current constitution can be found at Appendix B.

FORMAT OF MEETINGS

- 2.2 Three meetings will have been held during the year, in April, July and December 2024 (postponed from November 2024).
- 2.3 Board members are required to declare any potential conflicts of interest to the Scheme Manager prior to each meeting, in line with the Local Firefighter Pension Board's Conflicts of Interest Policy.

BOARD MEMBERSHIP

- 2.4 As set out in the constitution, there is an equal number of employer and employee representatives on the Board and there is also one substitute member for each side. Substitute members are encouraged to attend meetings as observers, and they are able to act as Board members in the absence of one of the full members. Substitute members are also invited to attend training sessions as this helps to improve knowledge and understanding of pensions issues.

- 2.5 The Chair of the Local Firefighter Pension Board changed at the April meeting, moved from being a representative from the employer side to a representative from the scheme member/employee side. The requirement to rotate the appointment of Chair is set out in the constitution (Appendix B).
- 2.6 There has been two changes in membership since the last report in November 2023 and there are currently no vacancies on the Board.

TRAINING

- 2.7 The Pensions Regulator has published a Code of Practice for the governance and administration of public service pension schemes and this code sets out the requirement for Board members to achieve and maintain knowledge and understanding sufficient to enable them to carry out the role of Board member.
- 2.8 The Board was invited to attend the Firefighters' Pensions Annual Conference in October 2024. Internal training has been held for members of the Board. There is online training available on the Pension Regulator website which members of the Board are encouraged to complete.

BOARD ACTIVITY

- 2.9 Since the Local Firefighter Pension Board was set up in 2015, the work of the Board has been shaped by the Board members and by Officers supporting the Board.
- 2.10 Some regular reports to the Board have been developed. These include:
- Updates on current pension issues;
 - The Pension Fund Risk Register;
 - A report from the Pension Administration Team;
 - Annual updates on the financial position of the Pension Fund (Appendix C).

CURRENT PENSION ISSUES

- 2.11 The main areas of work which are kept under review by the delegated Scheme Manager and Pension Board are detailed below.

Transitional Protection for FFPS 2015 Claims - McCloud

- 2.12 Members will recall from previous reports that following an employment tribunal and subsequent appeals, the transitional protections related to the 2015 Firefighters' Pension Scheme were found to be age discriminatory.
- 2.13 Following the ruling, the Fire Brigades Union (FBU) commenced legal proceedings in the High Court for three test cases against FRAs. Two of these cases were against NFRS as they related to former NFRS employees. A settlement agreement on these cases was reached on 8 October 2021.

- 2.14 Alongside the settlement agreement, the Local Government Association (LGA) and Fire Brigades Union (FBU) negotiated a Memorandum of Understanding (MoU) and a Framework agreement for handling Immediate Detriment cases. This was made available in early October 2021 and adopted by NFRS on 12 November 2021. Several cases for remedy were progressed under this MoU.
- 2.15 However, in late November 2021, the Home Office guidance underpinning the MoU was withdrawn following intervention by Her Majesty's Treasury (HMT), due to apparently fresh concerns about the level of risk and uncertainties relating to tax and associated matters. This unexpected development added to the complexities facing FRAs.
- 2.16 In the light of this, a report was considered by Policy and Strategy Committee on 1 April 22 where approval was gained to continue with both Cat 1 (those coming up to retirement) and Cat 2 (those affected members who have already retired) payments. Since then, payments have continued for all Cat 1 cases. Work has also commenced on Cat 2 cases.
- 2.17 The finalised Firefighters' Pensions (Remedial Service) Regulations 2023 were laid before Parliament on 19 July and came into force from 1 October 2023. The Service has until March 2025 to implement the legislation. In the consultation response it was recognised that further provisions may be needed, beyond those in the published draft regulations that accompanied the consultation.
- 2.18 After the legislation was passed, pensioners who have retired before 30 September 2023 and have service within the remedy period are known as Immediate Choice and they are required to receive a Remediable Service Statement by the 31 March 2025. There have been national delays in progressing these cases due to interest and tax complexities. It was agreed nationally cases would be categorised so those not affected by the complexities could progress whilst waiting for HMRC guidance to be issued regarding the complex issues, guidance has now been issued however there are still issues to be resolved. NRFS have one case that is impacted. WYPF are continuing to work through the other cases, however these are manual calculations and take time to process.
- 2.19 All active and deferred members (i.e. not yet receiving a pension) who are impacted by the remedy must receive a combined Annual Benefit Statement / Remediable Service Statement (ABS/RSS) by 1 April 2025. The ABS/RSS will provide members with the current value of both their legacy final salary benefits and their reformed FPS 2015 benefits for the remedy period; as well as projected benefits to normal pension age for active members. This joint statement should become the norm for future years.
- 2.20 The ABS/RSS are produced by WYPF as Scheme Administrator. The Local Government Association requested where possible these should be provided by 31 August 2024, the deadline for the next due ABS. WYPF advised that they would not be able to produce the ABS/RSS by the 31 August 2024 due to delays in WYPF's systems supplier. The breach in pension regulations

was noted and added to the Breach Register at the Pension Board meeting in July 2024.

- 2.21 319 members were affected and did not receive ABS/RSS by the 31 August 2024. WYPF sent an individual communication to all affected members in July 2024. WYPF reported the breach to the Pension Regulator on the 4 October 2024. The breach was also reported by the Scheme Manager on behalf of NFRS on the 14 October 2024.
- 2.22 WYPF are in regular contact with the supplier regarding their delivery plans and anticipate being able to provide an ABS/RSS by 31 December 2024, although it may be as late as 31 March 2025. WYPF has produced the usual ABS for all 279 active members “not in scope” of the age discrimination remedy by the 31 August 2024. It should also be noted that members approaching retirement are receiving all the necessary information, with WYPF utilising some manual processes.
- 2.23 Pensions Savings Statements are required for members whose pension contributions exceeded the Annual Allowance. WYPF have issued Pensions Savings Statements for 2023/24 by the deadline of the 6 October 2024 where members have exceeded previously. To identify any other members that may breach WYPF have requested pensionable pay information from NFRS, HMT legislation permits a deferment of 3 months from receiving data. WYPF are confident for those members affected, that by applying this deferment the PSS will be produced within 3 months of receiving that data. Therefore, a breach will not occur.
- 2.24 The Home Office have issued compensation funding guidance in respect of compensable financial losses incurred that are not covered by member’s immediate or deferred choice and Contingent Decision (CD) guidance. The guidance is being reviewed regionally and will be implemented.

Matthews & O’Brien case – Modified Scheme

- 2.25 Special members were introduced to the 2006 Firefighters’ Pension Scheme in 2014 following Matthews court case which ruled that on-call firefighters employed between 1 July 2000 and 4 April 2006 should be allowed to retrospectively join the 2006 scheme.
- 2.26 Following a further European Court of Justice case (O’Brien) the UK Government have recognised the right for on-call firefighters employed before 1 July 2000 to elect to become a special member from the start of their employment.
- 2.27 On 9 March 22, after an extended period of negotiations, a Memorandum of Understanding (MoU) was agreed between the government, the FBU, the Fire and Rescue Services Association and FRA employers.
- 2.28 It was confirmed that remedy for retained firefighters affected by the O’Brien judgment will be provided by way of a second options exercise allowing in-scope individuals the opportunity to purchase pension entitlement as a

special member of the FPS 2006. The LGA have now set out eligibility criteria for individuals who are considered eligible. It is proposed that all those determined as out of scope in the original exercise should now be re-visited as best practice.

- 2.29 Some fire services have identified individuals who worked as far back as the 1960's who may be affected. This clearly pre-dates automated systems and manual records are likely to have been disposed of, partially due to the requirements to delete obsolete data under data protection legislation. This service has no records pre-dating the year 2000. Where the required data is no longer available, nationally agreed methods of estimation have been agreed.
- 2.30 The regulations to implement the second options exercise were consulted on between 31 March 23 and 9 June 23. Revised legislation has been laid before Parliament and came into force on 1 October 23.
- 2.31 Prior to the legislation coming into force the LGA has been working alongside FRAs to help ensure that they have identified those retained firefighters who may be affected and start collecting the relevant data. A form has been added to both the LGA and FBU websites for members who believe they are affected to complete and return to NFRS.
- 2.32 Locally various communication methods have been implemented to raise awareness, such as communication messages on social media, the intranet and the website and posters being displayed at fire stations.
- 2.33 The Service sent letters to the latest recorded address of all current and former personnel thought to be eligible ahead of the Christmas and New Year holiday, a significant task. The letters followed the national template with some small local variation. Individuals were asked to return a form stating whether they wish to receive a quote outlining how much it will cost to purchase their backdated service and an indicative estimate of the pension that this will buy.
- 2.34 Where the service is aware the latest recorded address it holds is correct, if no response to the initial letter had been received a 2nd letter has been sent by Tracked 48 Mail.
- 2.35 In April, the Service engaged a tracing agency to check the last known address where no response to the initial letter had been received and the Service does not know if the address it holds is the latest address. The tracing agent takes a basic level approach initially, followed by enhanced tracing methods where necessary. To date a total of 309 addresses have been sent to the tracing agency.
- 2.36 In summary the Service has sent letters to 593 current and former personnel thought to be in scope. At the time of writing this report (Mid Nov):
- 321 have returned 'Yes' Expression of Interest
 - 13 have returned 'No' Expression of Interest

- 78 have not returned an Expression of Interest (the six-month deadline has now passed)
- 181 are pending a returned Expression of Interest.

2.37 Calculations have now commenced, 5 statements have been issued, of which 2 have returned option election forms and a further 22 calculations are in progress.

Resourcing

2.38 As previously reported the Service has created an administrative post in the People and Organisational Development Team and a part time Deputy Payroll and Pensions Manager to support the implementation of the pension legislation. This has now included increasing the new Deputy Pensions and Payroll Officer from 3 days a week to 4 days a week, and the administrative post is now shared with the Payroll and Pensions Team as the focus moves to completing pension calculations.

2.39 Recruiting and retaining sufficient knowledgeable and experienced staff remains a key challenge across Fire and Rescue Services and administrators. Staff morale is being highlighted nationally as an increasing concern. It is therefore proving not possible to progress the remedy and the second options exercise in a timely manner as envisaged by the Regulations.

The Pensions Dashboard Programme

2.40 The pensions dashboard programme is a national scheme to allow individuals to view basic information about all their existing pensions in one single place online.

2.41 The project is a significant undertaking, requiring the development of new technology to use common information in order to search all pension schemes to identify whether they contain any pension records for the individual initiating the search.

2.42 The 'connect by' date for the new national Pensions Dashboard for all three pension schemes (1992, 2006 and 2015) is 31 October 2025. This is intended to be in good time for the legislative deadline of 31 October 2026. In practice, this is primarily a task for WYPF as administrator, although it is the Fire Authority's responsibility.

2.43 The service will continue to work with the LGA and WYPF in order to ensure that it is ready to deliver in time with the revised deadline.

SCHEME MANAGER ACTIVITY

2.44 The role of the Scheme Manager is set out in the Governance Arrangements (Section 3, Appendix A). Much of the role of the Scheme Manager relates to ensuring that proper administrative and governance arrangements are in place.

- 2.45 Some of the Scheme Manger activity is undertaken by the Scheme Administrators (West Yorkshire Pension Fund (WYPF)). The Internal Audit function for WYPF is provided by Bradford City Council who have a 5-year audit plan in place. All audit reports are made available to NFRS. WYPF also provide a monthly activity report which is shared with Pension Board.
- 2.46 The Scheme Manager has responded to statutory and not statutory requests for information, including national surveys of the firefighters' pension scheme by The Pension Regulator, Treasury and the Local Government Association. The results of these surveys are reviewed and provide the basis for making any necessary improvements.
- 2.47 Both the Scheme Manager and Human Resources advisor to the pension board have attended several local and national events to ensure that their knowledge and understanding remain up to date.
- 2.48 The Local Firefighter Pension Board is now well established and has made good progress in improving the knowledge and understanding of the Board about the current pension issues, and in ensuring that governance and administration of pensions is carried out effectively. Work has also been undertaken to communicate with pension scheme members about pension issues (particularly the McCloud remedy and the Matthews) and to raise the profile of this important subject. The Board will continue to ensure that good practice is maintained, and ongoing improvements are made in line with advice from the Scheme Advisory Board and The Pension Regulator.

3. FINANCIAL IMPLICATIONS

- 3.1 The costs associated with the McCloud and Matthews remedies are expected to be directly funded from the Government. The Authority holds a £200k earmarked reserve which was initially created to cover potential costs of implementing the McCloud remedy in advance of the legislation being laid. Whilst the legislation has now been passed and this risk has reduced, due to the complexities and risks that remain regarding the McCloud remedy and Matthews options exercise the reserve is being retained to cover any costs that may not be funded by the Government.
- 3.2 The Authority has received grant totalling £241k from the Home Office to help with the additional costs related to McCloud and Matthews. The funding is being used to fund the temporary administrative post and the additional day for the Deputy Pensions and Payroll Officer (see section 2.38). It is also funding the tracing agent costs and the tracked 48-hour postage costs. The balance will continue to be used to fund costs incurred in relation to implementation of the legislation.
- 3.3 The Authority continues to pay a levy to the Scheme Advisory Board (SAB), and this will cover the cost of the national fire pensions technical advisor post and support the work of the SAB. The aim of the SAB in setting this levy is to help fire authorities to achieve cost savings by producing guidance and

communications centrally for authorities to share. The cost for 2023/24 was £6,024 and this has been provided for within the revenue budget.

- 3.4 The results of the 2020 valuation of the Firefighters' Pension Scheme were delayed allowing McCloud remedy costs to be included in the valuation. The change in employer costs is effective from 2024. The increased cost is substantial and in 2024/25 is largely funded via £1.6m government grant. There is uncertainty regarding the future funding of these costs due to the short-term nature of the one-year local government finance settlement received in recent years and expected for 2025/26.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

- 4.1 There are significant implications to the workforce relating to the Firefighter's Pension Schemes, these are covered in the body of the report.
- 4.2 The members of the Board are required to achieve and maintain knowledge and understanding of pensions and this requirement is being managed and monitored by the Scheme Manager.

5. EQUALITIES AND ETHICAL IMPLICATIONS

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

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

7. LEGAL IMPLICATIONS

The Local Firefighter Pension Board was created to fulfil the requirements of the Public Service Pensions Act 2013.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 The risks associated with pension governance and administration are set out in the Pension Board's risk register, which is actively managed by the Scheme Manager and monitored by the Board.
- 8.2 The Firefighter's Pension Scheme – impact of McCloud remedy and Matthews / O'Brien case is included on the Corporate Risk Register and is currently rated high due to the complexities, the lack of specialist resources at a national and local level, the likelihood of failing to meet the national deadline and the impact these factors could have.

9. COLLABORATION IMPLICATIONS

Nottinghamshire, Leicestershire and Derbyshire Fire Authorities all share the same pension administrator, and this has allowed for a number of collaborative activities associated with pensions. There have been several regional meetings and information events to help keep up to date with pension issues and to share good practice. Derbyshire Fire and Rescue Service employs a pensions advisor on behalf of all three authorities to provide more pension specialist knowledge.

10. RECOMMENDATIONS

That Members take note of the activity of the Pension Board and Pension Scheme Manager, along with the update on current pension issues.

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

None.

Craig Parkin
CHIEF FIRE OFFICER

**NOTTINGHAMSHIRE AND CITY OF
NOTTINGHAM FIRE AND RESCUE AUTHORITY**

Governance Arrangements for Firefighter Pensions

Introduction

- 1.1 The purpose of this document is to set out the governance arrangements relating to all aspects of firefighter pensions. This document forms part of the overall corporate governance framework for the Authority.
- 1.2 The various firefighter pension schemes fall within the remit of the Public Service Pensions Act 2013. The Pensions Regulator has produced a code of practice for the governance and administration of public service pension schemes and this document is based upon the recommendations in this code of practice.

Overview of Roles and Definitions

- 2.1 The Public Service Pensions Act 2013 identifies a number of roles in relation to public service pension schemes. These are explained below and interpreted in the context of the Nottinghamshire and City of Nottingham Fire and Rescue Authority:
 - 2.1.1 **Responsible Authority.** The responsible authority has the power to make pension scheme regulations. The Act identifies Secretaries of State as responsible authorities, so for the firefighter schemes this would be the Secretary of State for Communities and Local Government.
 - 2.1.2 **Scheme Manager.** For locally administered schemes such as the firefighter schemes the scheme manager may be the local administering authority or a person representing an Authority. The Combined Fire Authority is therefore deemed to be the Scheme Manager, with the day-to-day responsibilities of the Scheme Manager delegated to the Head of Finance.
 - 2.1.3 **Pension Board.** The Local Pension Board is responsible for assisting the Scheme Manager to comply with the scheme regulations and other legislation relating to the governance and administration of the firefighter schemes. Scheme regulations and the Scheme Manager will determine what the Pension Board's role and responsibilities will be and for this Authority these are set out in the Constitution of the Local Pension Board.
 - 2.1.4 **Scheme Advisory Board.** Each defined benefit public service pension scheme set up under section 1 of the 2013 Act has a Scheme Advisory Board with responsibility for providing advice to the Responsible Authority on the desirability of changes to the scheme when requested to do so. The Department for Housing Communities and Local Government has set up a Scheme Advisory Board for the Firefighter Pension Scheme 2015.

2.2 Other roles which are not necessarily defined by the Act, but which are relevant to firefighter pension schemes are:

2.2.1 **Employer.** The employer is the Combined Fire Authority, with day-to-day employer responsibilities delegated to the Chief Fire Officer.

2.2.2 **Scheme Administrator.** This role deals with day-to-day pension administration of firefighter pensions including the keeping of pension records and the calculation of pension benefits. This function is outsourced, currently to Leicestershire County Council.

2.2.3 **Scheme Advisers.** Advisers and service providers can help those governing and administering schemes to make informed decisions. In practice a range of people and bodies act as Scheme Advisers including the Scheme Administrator, the Chief Fire Officer and other Officers within the Service, the Local Government Association, the Scheme Advisory Board and the Department for Communities and Local Government.

Roles and Responsibilities

Scheme Manager:

- 3.1 The Scheme Manager is responsible for providing certain information, including:
- Annual benefits information to scheme members
 - Certain information to scheme members (and others in certain circumstances) on request including basic scheme information, significant changes to schemes, information about future benefits.
- 3.2 The Scheme Manager is responsible for publishing information about the Local Pension Board, including who the board members are, representation on the board, matters for which the board is responsible, terms of reference, the appointment process, the employment and job title and any other relevant position held by board members, any specific responsibilities of board members. Consideration should be given to publishing Local Pension Board agendas, papers and minutes.
- 3.3 The Scheme Manager is responsible for publishing any other specific information as directed by the Responsible Authority or other Government department.
- 3.4 The Scheme Manager is responsible for keeping records of member and beneficiary information and transactions. The Scheme Manager is responsible for ensuring that record keeping processes are effective, that member data is regularly reviewed and evaluated, and that data is held for an appropriate length of time. In practice certain records are held by the Service and others are held by the Scheme Administrator.
- 3.5 The Scheme Manager is responsible for arranging Local Pension Board meetings in accordance with the constitution for the Local Pension Board.

This will include preparing agendas and ensuring that reports are provided to board meetings as required.

- 3.6 The Scheme Manager is responsible for keeping records of pension board meetings and decisions. This must include the date, time and place of the meeting; the names of all pension board members invited to the meeting; the name of any person attending and in what capacity; the minutes of the meeting and any decisions made at the meeting.
- 3.7 The Scheme Manager is responsible for ensuring that pension board members do not have conflicts of interest and for managing any potential conflicts of interest.
- 3.8 The Scheme Manager is responsible for establishing and operating adequate internal controls to manage risks relating to the schemes. This will include having a process to identify, evaluate and manage risks as well as monitor controls.
- 3.9 The Scheme Manager is responsible for ensuring that pension contributions are paid into schemes on time and in full. This will include having a process to monitor payments and identify and resolve contribution payment failures. The Scheme manager must report significant contribution payment failures to the Pensions Regulator within 10 working days.
- 3.10 The Scheme Manager is responsible for making and implementing arrangements which comply with legal requirements for resolving internal disputes with members and others, and for regularly checking that the arrangements work effectively. This responsibility is delegated to the Head of HR Services.
- 3.11 Some of the responsibilities of the Scheme Manager are carried out by the Scheme Administrator on the Scheme Manager's behalf.

Local Pension Board:

- 3.12 The Local Pension Board is responsible for assisting the Scheme Manager in securing compliance with scheme regulations, governance and administration legislation and any requirements of the Pensions Regulator.
- 3.13 The Local Pension Board is responsible for establishing and maintaining a training and development policy and framework to address the legal requirement for board members to have sufficient knowledge and understanding to carry out their role.
- 3.14 Members of the Local Pension Board are responsible for the appointment of a Chair to the board in accordance with the constitution of the Local Pension Board.
- 3.15 Members of the Local Pension Board are responsible for declaring any potential conflict of interest arising as a result of their position on the board to the Chief Fire Officer.

3.16 Members of the Local Pension Board are responsible for participating in training and development as required to achieve sufficient knowledge and understanding to carry out their role.

Employer

3.17 The Employer is responsible for paying contributions into pension schemes and keeping and providing data to the Scheme Manager and / or the Scheme Administrator. This responsibility is delegated to the Head of Finance.

3.18 The Employer is responsible for dealing with disputes. This responsibility is delegated to the Head of HR Services.

3.19 The Employer is responsible for the administration of firefighter pensions. This activity is outsourced and responsibility for managing the contract is delegated to the Head of Finance.

All Roles

3.20 The Scheme Manager, members of the Local Pension Board, the Scheme Administrator and any Scheme Adviser are all responsible for reporting breaches of the law to the Pensions Regulator where that breach is likely to be of material significance.

Reviewed May 2019
Becky Smeathers
Scheme Manager

**LOCAL FIREFIGHTER PENSION BOARD OF NOTTINGHAMSHIRE AND CITY
OF
NOTTINGHAM FIRE AUTHORITY**

CONSTITUTION

1. Statement of Purpose

The purpose of the Board is to assist Nottinghamshire and City of Nottingham Fire and Rescue Authority (The Fire Authority) in its role as the Scheme Manager of the Fire Fighters Pension Schemes (1992, 2006, 2015 and Retained Modified). Such assistance is to:

- a) secure compliance with the Scheme's regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme.
- b) ensure the effective and efficient governance and administration of the Scheme.

2. Duties of the Board

The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board Members:

- a) should act always in the interests of the Scheme and not seek to promote the interests of any stakeholder group above another.
- b) should be subject to and abide by Fire Authority's Codes of Conduct for Members and Employees.

3. Membership

The Board will comprise an equal number of employer and member representatives with a minimum requirement of no less than four in total.

4. Scheme Member Representatives

- 4.1. 2 Scheme Member representatives shall be appointed to the Board by the 2 largest trades unions recognised by the Fire Authority who represent Scheme Members (i.e., FBU and FOA) but in default of any such appointments being made the Fire Authority shall invite expressions of interest from Scheme Members and appoint such Scheme Member representatives who it regards as best suited to the role of Board Member.
- 4.2. Scheme Member representatives shall be current Scheme Members.

- 4.3. Scheme Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

5. Employer Representatives

- 5.1. 2 Employer representatives shall be appointed to the Board by the Fire Authority.
- 5.2. Employer representatives shall be 1 Fire Authority Member and 1 Principal Officer provided that neither Officer nor Members exercise delegated responsibility for discharging the Scheme Manager function of the Fire Authority.
- 5.3. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
- 5.4. Employer representatives shall be appointed by the Fire Authority in a manner which it considers best promotes the purpose of the Board.

6. Appointment of Chair

- 6.1. The Board shall appoint its own chair for a period of 12 months rotating the appointment between scheme member representatives and employer representatives.
- 6.2. The duties of the Chair should be in accordance with the duties of a committee chair under the Fire Authority's Constitution.

7. Substitute Board Members

- 7.1. The Board may appoint one substitute Scheme Member Representative and one substitute Employer Representative. Substitute representatives can take part in Board meetings only in the place of an appointed representative of the same group who cannot attend a meeting.
- 7.2. A substitute representative may attend, and participate in, any training events for Board members.
- 7.3. A substitute representative may attend a Board meeting as an observer, if all representatives of the same group are attending that meeting. In this situation, the substitute representative must not participate in the business of the meeting.

8. Notification of Appointments

On appointment to the Board the Fire Authority shall publish the name of the appointees, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

9. Conflicts of Interest

- 9.1. All members of the Board must declare to the Chief Fire Officer on appointment and at any such time as their circumstances change any potential conflict of interest arising as a result of their position on the Board.
- 9.2. On appointment to the Board and following any subsequent declaration of potential conflict the Chief Fire Officer shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Fire Authority and the requirements of the Pensions Regulators codes of practice on conflict of interest for Board members.

10. Knowledge and understanding (including Training)

- 10.1. Knowledge and understanding must be considered in light of the role of the Board to assist the Fire Authority in line with the requirements outlined in paragraph 2 above. The Board should establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to Board Members. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.
- 10.2. Board Members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy and framework.
- 10.3. Board Members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

11. Term of Office

- 11.1. The term of office for Board Members shall be 2 Municipal Years and there shall be no restriction on reappointment at the expiry of a Board Member's term.
- 11.2. Board membership shall be terminated prior to the end of the term of office due to:
 - a) A Scheme Member representative ceases to be a Scheme Member.
 - b) An Employer representative ceases to be a Fire Authority Member.
- 11.3. Board membership may be terminated prior to the end of the term of office by a resolution of the Fire Authority where the Board Member is no longer able to

demonstrate their capacity to attend and prepare for meetings or to participate in required training.

12. Meetings

12.1. The Board shall as a minimum meet 3 times per year.

12.2. The Chair, with the consent of the other Board Members, may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including telephone conferencing and e-mails.

12.3. Meetings shall be open to the public and shall be conducted in accordance with the Fire Authority's constitution as regards to the attendance of the public at meetings. Meetings will be advertised on the Service website at least one week prior to the date of the meeting with a link to the agenda, papers and minutes of the previous meeting.

12.4. If there are any reports or papers containing confidential matters these will not be published. In this case the Board meeting will consist of part one for all non-confidential items, open to the public, and part two for all confidential items, closed to the public. Matters will be deemed confidential by reference to the personal data provisions of the Data Protection Act.

13. Quorum

A meeting is only quorate when 4 members are present, 2 scheme member representatives and 2 employer representatives.

14. Voting

14.1. The Board shall as far as possible make any decisions by consensus but where this proves not to be possible the Board may vote upon an issue.

14.2. Each Board Member shall have 1 vote and in the event of an equality of votes the Chair shall have a casting vote.

15. Support to the Board

15.1. The Chief Fire Officer shall provide such support to the Board as it requires to discharge its functions.

15.2. The Board may request information from the Chief Fire Officer with regard to any aspect of the Scheme Manager function. Any such a request should be reasonably complied with in both scope and timing.

15.3. The Board may make recommendations to the Chief Fire Officer which should be considered, and a response made to the Board on the outcome within a reasonable period of time.

16. Relationship with Firefighters Pension Scheme Advisory Board

16.1. The national Scheme Advisory Board has been established in accordance with the Public Service Pensions Act 2013 and its objectives include the provision of advice to Local Pension Boards in relation to the effective and efficient administration of the pension scheme. Communications from the Scheme Advisory Board are likely to be made via the Chair of the Local Pension Board who must ensure that the Fire Authority, as Scheme Manager, is kept informed of any new requirements.

PENSION FUND ACCOUNT

2022/23		2023/24
<u>£000</u>		<u>£000</u>
	Contributions Receivable	
	Fire Authority:	
(5,241)	Contributions in relation to pensionable pay	(5,453)
(301)	Other (Ill Health Retirements)	(264)
<u>(2,419)</u>	Firefighters' contributions	<u>(2,536)</u>
(7,961)	Total Contributions Receivable	(8,253)
	Transfers in from other authorities	
(35)	Transfers in from other schemes	(1)
	Benefits Payable	
15,135	Pensions	16,777
2,552	Commutations and lump sum retirement benefits	2,936
0	Lump sum death benefits	0
<u>175</u>	Other	<u>97</u>
17,862	Total Benefits Payable	19,810
	Net Amount payable for the year before top-up grant from Central Government	11,556
(7,430)	Top-up grant received from Central Government	(8,477)
<u>(2,436)</u>	Balance of top-up grant for the year (receivable from)/payable to Central Government	<u>(3,079)</u>



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

HEALTH AND SAFETY POLICY – STATEMENT OF INTENT

Report of the Chief Fire Officer

Date: 13 December 2024

Purpose of Report:

To advise Members that the Service’s written Health and Safety Statement of Intent has recently been reviewed and no changes are required at this time.

Recommendations:

It is recommended that Members:

- Note the contents of this report and approve the continuing use of the current Health and Safety Statement of Intent.
- Approve the proposal to move this report from annual to two yearly reporting.

CONTACT OFFICER

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Assistant Chief Fire Officer

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1. BACKGROUND

- 1.1 Nottinghamshire Fire and Rescue Service (NFRS) is required to produce and review a written Health and Safety Policy which outlines its 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 Health and Safety Policy is a Statement of Intent (SOI). The SOI indicates the commitment of the organisation, and the senior person in the organisation, to effectively managing and delivering health and safety responsibilities.
- 1.3 The current SOI was last considered and endorsed by the Fire Authority on 15 December 2023.

2. REPORT

- 2.1 The content of the SOI has been reviewed to reflect best practice of ensuring that the most senior person within the organisations sends a personal message to lead the direction of health and safety management. The review identified that no changes are necessary at this time.
- 2.2 Health and Safety Legislation requires a SOI to be reviewed on a 'regular' basis but allows the employer to set these review schedules. A recommendation of this report is that the review period moves from an annual to a two-yearly review. A two-year review is proposed for the following reasons:
 - The two-year review period will allow for further development of the NFRS Safety Management System using a consistent ethos as directed by the Chief Fire Officer.
 - The two-year period is in alignment with best practice guidance associated with health and safety SOIs which advises of review periods of between one and five years depending on the nature of the organisation.
- 2.3 In the event of an internal review, for example after a significant safety event, a change of management direction, or changes in legislation/guidance, where changes to the SOI are proposed, a report would be presented to Members for consideration prior to the fixed review date.
- 2.4 Endorsement signatures on the SOI of the Chief Fire Officer, the Chair of the Fire Authority, and representative bodies, continue to provide a collective, high-level commitment to the management of health and safety.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from the Health and Safety Policy Statement of Intent.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

It is a requirement of the Health and Safety at Work Act 1974 that the Statement of Intent is brought to the attention of all employees. This will be achieved through the NFRS health and safety induction process, notice boards and MyNet. The communications plan will be reviewed by the Service's Health and Safety Working Committee.

5. EQUALITIES AND ETHICAL IMPLICATIONS

The statement of Intent is an open and honest statement that will be available to all employees and relevant stakeholders, informing all of the cultural and ethical practices relating to health and safety.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

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

7. LEGAL IMPLICATIONS

It is a legal requirement under the Health and Safety at Work Act 1974 for employers to prepare and as often as may be appropriate, revise a written Statement of Intent, with respect to the health and safety at work of their employees.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 The Health and Safety 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 staff, partners and communities.
- 8.3 Failure to have a statement of intent could lead to enforcement action from the Health and Safety Executive.

- 8.4 A Health and Safety Statement of Intent is a requirement for the Service's insurance providers. Failure to have one could lead to increased premiums or not being able to obtain insurance cover leading to increased costs and liability for the Service.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Note the contents of this report and approve the continuing use of the current Health and Safety Statement of Intent.
- 10.2 Approve the proposal to move this report from annual to two yearly reporting.

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

None.

Craig Parkin
CHIEF FIRE OFFICER



Health and Safety – Statement of Intent

The Fire Authority, trade unions and I are committed to establishing 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”

CREATING SAFER COMMUNITIES

Chief Fire Officer Craig Parkin



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Endorsed by:

Michael Payne
Chair of CFA

Stephen Tucker
FBU

Jo Dawson
FOA

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NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

ENVIRONMENTAL AND SUSTAINABILITY STATEMENT

Report of the Chief Fire Officer

Date: 13 December 2024

Purpose of Report:

To advise Members that the Service's written Environmental and Sustainability Policy Statement has recently been reviewed and no changes are required at this time.

Recommendations:

It is recommended that Members:

- Note the contents of this report and approve the continuing use of the current Environmental and Sustainability Policy Statement.
- Approve the proposal to move this report from annual to two yearly reporting.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 The Service has a commitment within its Community Risk Management Plan (CRMP) to being environmentally and sustainability conscious in all that it does.
- 1.2 To demonstrate an organisation's commitment to environmental management and sustainability, a policy statement is required, which states a commitment of both the Service and the Authority, in discharging its duty of care to minimise its impact on the environment.
- 1.3 This report presents the annual review of the Service's Environmental and Sustainability Policy Statement. This was last considered and endorsed by the Fire Authority in December 2023.

2. REPORT

- 2.1 The Environmental and Sustainability Policy Statement has undergone an annual review by the Service's Health, Safety and Environmental Advisors. The review has found that no changes are necessary at this time.
- 2.2. Environmental management best practice requires a policy statement to be reviewed on a regular basis but allows the employer to set the review schedules. A recommendation of this report is that the review period moves from an annual to a two-yearly review. A two-year review is proposed for the following reasons:
 - The two-year review period will allow for further development of the Service's environmental management practices using a consistent ethos as directed by the Chief Fire Officer.
 - The two-year period is in alignment with best practice guidance associated with environmental statements which advises of review periods between 1-5 years depending on the nature of the organisation.
 - In the event of an internal review, for example after a significant environmental event, change of management direction, or changes in legislation/guidance, where changes to the statement are proposed, a report would be presented to Members for consideration prior to the fixed review date.
- 2.3 Endorsement signatures on the Environmental Management and Sustainability Policy Statement of the Chief Fire Officer, the Chair of the Fire Authority, and representative bodies, continue to provide a collective, high-level commitment to environmental sustainability.

3. FINANCIAL IMPLICATIONS

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

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

The Environmental Management and Sustainability Policy Statement will be brought to the attention of all employees through induction processes, notices boards and MyNet.

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 relevant stakeholders

5.2 An equality impact assessment has not been undertaken because equality issues arising have been previously identified and addressed.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

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

7. LEGAL IMPLICATIONS

7.1 There is no direct legislation which requires organisations to have an Environmental Management and Sustainability Policy Statement.

7.2 The legislation covering environmental requirements, and the Environmental Management and Sustainability Policy Statement will form part of an Environmental Management System Policy covering these requirements.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 The Environmental Management and Sustainability Policy Statement sets strong and active leadership in this area from the top of the organisation.
- 8.2 Failure to have a statement could lead to poor publicity for the Service if challenged as to its environmental credentials by members of the community or media.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Note the contents of this report and approve the continuing use of the current Environmental and Sustainability Policy Statement.
- 10.2 Approve the proposal to move this report from annual to two yearly reporting.

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

None.

Craig Parkin
CHIEF FIRE OFFICER



Environmental and Sustainability – Policy Statement

“I would like to 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 need to 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

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