

# Public Document Pack



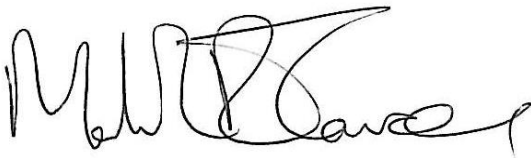
## NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY

### MEETING OF THE AUTHORITY

**Date:** Friday, 26 February 2016      **Time:** 10.30 am

**Venue:** Fire and Rescue Services HQ, Bestwood Lodge, Arnold Nottingham NG5  
8PD

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



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

### AGENDA

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<b>12</b>	<b>COMMITTEE OUTCOMES</b> Report of the Chief Fire Officer.	119 - 138
<b>13</b>	<b>EXCLUSION OF THE PUBLIC</b> To consider excluding the public from the meeting during consideration of the remaining items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information by virtue of Paragraphs 1 and 3 of Part 1 of Schedule 12A of the Act.	
<b>14</b>	<b>EXEMPT MINUTES</b>	To Follow

**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 CONSTITUTIONAL SERVICES OFFICER SHOWN ON THIS AGENDA, IF POSSIBLE BEFORE THE DAY OF THE MEETING.**

**Constitutional Services Officer: James Welbourn  
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**NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM  
FIRE AND RESCUE AUTHORITY**

**MINUTES of the meeting held at Fire and Rescue Services HQ, Bestwood Lodge,  
Arnold Nottingham NG5 8PD on 18 December 2015 from 10.34 - 12.30**

**Membership**

Present

Councillor Darrell Pulk (Chair)  
Councillor Brian Grocock (Vice Chair)  
Councillor Chris Barnfather  
Councillor Eunice Campbell  
Councillor Jon Collins (minutes 39-49 inclusive)  
Councillor Neghat Nawaz Khan  
Councillor Dave Liversidge  
Councillor Mike Pringle  
Councillor Michael Payne (minutes 39-52 inclusive)  
Councillor Gordon Wheeler (minutes 39-52 inclusive)  
Councillor Malcolm Wood  
Councillor Yvonne Woodhead (minutes 39-54 inclusive)  
Councillor Liz Yates (minutes 39-54 inclusive)

Absent

Councillor John Allin  
Councillor John Clarke  
Councillor Roger Jackson  
Councillor Ken Rigby  
Councillor Jason Zadrozny

**Colleagues, partners and others in attendance:**

John Buckley - Chief Fire Officer  
Wayne Bowcock - Deputy Chief Fire Officer  
Craig Parkin - Assistant Chief Fire Officer  
Malcolm Townroe - Clerk and Monitoring Officer to the Authority  
Neil Timms - Treasurer to the Authority  
Sue Maycock - Head of Finance  
Catherine Ziane-Pryor - Governance Officer

### **39 APOLOGIES FOR ABSENCE**

Councillor John Clarke (County Council business)  
Councillor Roger Jackson (unwell)  
Councillor Ken Rigby (County Council business)  
Councillor Jason Zadrozny (County Council business)

### **40 DECLARATIONS OF INTERESTS**

John Buckley, Chief Fire Officer, Wayne Bowcock, Deputy Chief Fire Officer, and Craig Parkin, Assistant Chief Fire Officer, declared interests in agenda item 12 (minute 50) 'Principal Officer Pay Review' insofar as the decision of the Authority would impact directly on their individual salary. Each officer withdrew from the meeting during consideration of this item.

Councillor Chris Barnfather, and Councillor Malcolm Wood, both declared an interest in agenda item 16 (minute 54) 'State Aid' in so far as they are both Directors of a company referred to within the report. This did not preclude them for remaining in attendance during consideration of the item, speaking or voting.

### **41 MINUTES**

The minutes of the meeting held on 25 September 2015 were confirmed as a true record and signed by the Chair.

### **42 CHANGES TO MEMBERSHIP**

#### **RESOLVED**

- (1) to note the resignation from the Authority of Councillor Gail Turner, and the appointment to the Authority of Councillor Jason Zadrozny;**
- (2) to confirm the appointment of Councillor Jason Zadrozny to the following Committees and Board:**

**Human Resources Committee;  
Personnel Committee;  
Strategic Equalities Board.**

### **43 CHAIR'S ANNOUNCEMENTS**

The Vice-Chair and Chief Fire Officer attended the Local Government Association (LGA) hosted Combined Fire Authorities (CFA) conference at Wyboston in October where the key topics included future finances, the Police Crime Commissioner Consultation and the work of the National Joint Council (NJC).

The Chair attended a City Forum Event regarding the Police Crime Commissioner Consultation, where it appeared to be accepted that the Fire Service will become the responsibility of the Police and Crime Commissioner.

An issue raised by the local LGA and Chief Fire Officers Association (CFOA) was the problem for Fire and Rescue Services of dealing with incidents at Mass Waste Management sites. It is surprising and disappointing that Local Authority Planning Services do not consider Fire and Rescue Services as Statutory Consultees when considering applications for such sites.

The Chair attended a National Fire Service Pension Board.

With regard to the Central Government grant settlement, the total grant figure has only just been announced and whilst it is not good, it is more than predicted. The implications of this will be presented to the next Finance and Resources Committee.

The Emergency Services Carol Concert was held earlier in the week with three representatives of this organisation giving readings.

The Chair and Chief Fire Officer have met with the FBU Brigade Committee to discuss future challenges. National, regional and local representatives were in attendance at this useful and interesting meeting.

Under the national arrangements, a Tactical Adviser and Enhanced Logistical Support Crew were deployed to Cumbria to assist during the recent flooding. The Boat Team was ready for deployment but fortunately was not required although other officers provided support in Control.

Pulp Friction is welcomed as the new tenant occupying the canteen at Fire Service Headquarters. It is a not-for-profit organisation providing employment and training for young people with disabilities whilst supplying food for purchase.

**Resolved that, on behalf of the Chair, the Chief Fire Officer send a letter of thanks to Councillor Gail Turner for her time on the Fire and Rescue Authority.**

Some members suggested that the AGM, scheduled for 3 June 2016, is rescheduled as the date falls within the half term holiday of some schools. The Chair responded that, at the request of some parties, the Authority had already changed the date of the AGM and it was not appropriate to change it again.

#### **44 TREASURY MANAGEMENT MID-YEAR REVIEW 2015-16**

Neil Timms, Treasurer to the Fire Authority, and Sue Maycock, Head of Finance, presented the report which provided the Authority with an update on Treasury Management activity during the first half of the 2015/16 financial year.

The following points were highlighted:

- (a) whilst the economy continues to grow, there has been a slight 'slow down' due to the strength of sterling. However, growth of 2.4-2.8% is expected going forwards;
- (b) the predicted interest rate rise has not happened yet and the Service's investment policy remained strict about which companies and organisations it lends to;

- (c) currently the Service has approximately £10 million invested, mostly in the UK, but has only earned £18,000 interest on this investment;
- (d) the Authority has not taken out any new borrowing for some time and therefore is not meeting the Prudential Code Target for loan maturity. This breach will be rectified when a new loan is taken;
- (e) new loans totalling approximately £13 million will be required for the medium term period and between £2 million to £4 million of this may be borrowed towards the end of the financial year.
- (f) apart from borrowing, the Treasury Management indicators are compliant with all Prudential Code targets.

**RESOLVED to note the report.**

#### **45 BUDGET GUIDELINES 2016/17**

Sue Maycock, Head of Finance, presented the report which informs members of the predicted budget position for 2016/17 and asks that the Authority set general guidelines within which the Finances and Resources Committee can develop a detailed budget proposal for 2016/17 to 2018/19. Final budget proposals will be submitted to the Authority for consideration at the February 2016 meeting when the council tax precept options will be set.

The following points were highlighted:

- (a) the Authority is in a stable financial position and has identified spend for the next four years. However, there is still uncertainty with regard to long term Central Government grant funding;
- (b) the Minister for Communities and Local Government has just announced a 21% funding reduction over the next four year period. The implications of this will be presented to the next Finance and Resources Committee;
- (c) four options for Council tax are presented to the authority with the advice that the following two options are considered by the Finance and Resources Committee:
  - (i) leave the council tax level as it is;
  - (ii) increase council tax by an amount lower than the referendum limit.

**RESOLVED to approve the following guidelines as a framework for the Finance and Resources Committee to develop the Authority's draft budgets for 2015/16 to 2017/18, and to make recommendations to the Fire Authority:**

- (i) the options for Council Tax to be recommended to the Fire Authority in February, limited to either a council tax freeze or an increase in council tax within the referendum limit;**
- (ii) if required, the options for eliminating any budget deficit to enable the Fire Authority to approve a balanced budget, as required by law.**

## **46 ADJUSTMENTS TO SERVICE DELIVERY PROVISIONS**

Prior to consideration of the item, questions from representatives of the Fire Brigades Union (FBU) were posed as follows:

Question 1 Nottinghamshire FBU would like to raise their concerns at the reduction in operational establishment levels from the flexi duty officers system. With ever increasing demands placed upon the service to participate in a multiagency and partnership arena, the management of the Service and impact upon all strands of the delivery, prevention and protection are being stretched beyond capacity. Additional expectations of supervision born from previous incidents across the country should not be overlooked by the Service. Whilst we are all aware of the financial squeeze from Central Government the safety of employees and the public is our first and only priority. Bearing this in mind can you confirm that there will be no further reductions in the number of officers in Nottinghamshire Fire and Rescue Service?

The Chair responded:

In making his recommendations the Chief Fire Officer has considered both the managerial and operational impact which these proposals may have on the ability to deliver robust and safe services. Furthermore he believes that any impact is manageable, not only through internal processes but also due to local and national agreements regarding mutual aid.

However, within the report the Chief Fire Officer also recognises that there will be very little scope for any further reductions. This does not enable the Authority to confirm that there will be no further reductions, as it is impossible to project all future scenarios, but it does demonstrate that the points raised by the FBU are very much in the forefront of the Chief Fire Officer's and Authority's thinking.

Question 2 Is the CFA confident that the same high level of service to the public of Nottinghamshire will remain if the Specialist Rescue Team is converted into two Technical Rescue Stations?

The Chair responded: The proposals within the report recognise that the broader rescue competence within the Service has increased since the procurement of rescue equipment on all frontline appliances. This, together with the commitment that all current capabilities will be maintained under the new arrangements gives confidence that the high level of service delivered to the community will continue.

John Buckley, Chief Fire Officer, presented the report which seeks approval to adjust operational provisions and delete 34 posts from the whole time uniformed establishment.

The Chief Fire Officer highlighted the following points in the report:

- (a) whilst the Service has implemented savings of £1.3 million there is still a shortfall against the £2.4 million savings required, but the proposed measures will address that shortfall;

- (b) enhanced crewing has been considered for whole time and retained officers, but it was not possible to reach agreements with representative bodies regarding such arrangements. Enhanced crewing is no longer considered an option;
- (c) following discussions with representative bodies is proposed to:
  - (i) delete three station manager posts and convert one to a non-uniformed manager, reduce the Station Manager operational rota from a seven week cycle to a six-week cycle;
  - (ii) delete the 10 firefighter posts allocated to Worksop to enable enhanced crewing;
  - (iii) reintegrate the Specialist Rescue Team onto firefighting watches and create two Technical Rescue Stations at Highfields and Newark Fire Stations;
- (d) due to the predicted turnover of staff, the proposed changes can be implemented without the need for compulsory redundancies.

## **RESOLVED**

- (1) to approve the deletion of 34 whole time uniformed posts;**
- (2) to approve the creation of a non-uniformed manager post within the Equipment Section;**
- (3) to support the adjustments to the service delivery provisions as outlined within the main body of the report.**

## **47 ANNUAL STATEMENT OF ASSURANCE 2014/15**

John Buckley, Chief Fire Officer, introduced the report which presents the Annual Statement of Assurance for 2014-15 for the Authority's approval.

The Statement of Assurance replaces the Annual Report and is a mandatory requirement, providing assurance of financial, governance and operational matters, with due regard to the expectations presented within the Integrated Risk Management Plan.

The Statement provides an organisational performance report which should instil community and Central Government confidence in the Authority.

**RESOLVED to approve the Annual Statement of Assurance 2014-15.**

## **48 FEES AND CHARGES**

John Buckley, Chief Fire Officer, presented the report which asks members to consider and approve the non-profit making fees and charges of the Service for room hire, use of service facilities, and application of special services. It is noted that the Policy and Strategy Committee had considered the proposals in detail prior to any final report being submitted to the Full Fire Authority.



**RESOLVED**

- (1) to implement the proposed new charges for special services are set out in appendix B to the report;**
- (2) to implement the recovery of costs for attending special service incidents within the framework set out in paragraph 2.5 of the report;**
- (3) to implement the proposed new charges for the hire of rooms as set out in appendix C to the report;**
- (4) to implement charging for the use of facilities for all service premises;**
- (5) to approve the proposal to fully review fees and charges every three years and to amend fees and charges to reflect inflationary charges in the interim years.**

**49 ESTABLISHMENT OF SYSTEMS ADMINISTRATOR POST**

John Buckley, Chief Fire Officer, presented the report which seeks approval for the creation of a part-time System Administrator Post within the Human Resources Department. It is noted that the proposal is recommended for approval by the Human Resources Committee following consideration at its meeting on 16 October 2015.

**RESOLVED to approve the creation of the post of Systems Administrator (18.5 hours per week) in line with the provisions set out within the report.**

**50 PRINCIPAL OFFICER PAY REVIEW**

Prior to the Authority's consideration of the item and having declared interests, John Buckley, Chief Fire Officer, Wayne Bowcock, Deputy Chief Fire Officer, and Craig Parkin, Assistant Chief Fire Officer, withdrew from the meeting and did not return until consideration of the item had concluded.

Malcolm Townroe, Monitoring Officer and Clerk to the Fire Authority, presented the report which asked members to approve the recommendation of the Policy and Strategy Committee regarding the outcomes of the Principal Officer Pay Review.

**RESOLVED**

- (1) to approve the recommendation of the Policy and Strategy Committee to maintain the existing pay arrangements for the Chief Fire Officer, including the previously agreed phasing of incremental progression;**
- (2) for the next Principal Pay Officer Review to take place in 2017 for application from 1 January 2018.**

**51 COMMITTEE OUTCOMES FOR NOTING**

The report of the Chief Fire Officer provided for information the minutes of:

Community Safety Committee 2 October 2015;

Finance and Resources Committee 9 October 2015;  
Human Resources Committee 16 October 2015;  
Policy and Strategy Committee 13 November 2015.

**RESOLVED to note the report.**

**52 EXCLUSION OF THE PUBLIC**

**RESOLVED to exclude the public from the meeting during consideration of the remaining items in accordance with section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, as defined in paragraphs 1 and 3 of Schedule 12 A to the Act.**

**53 CORPORATE COMMUNICATIONS RESTRUCTURE**

John Buckley, Chief Fire Officer, presented the report which seeks approval for proposed changes within the Corporate Communications Team.

**RESOLVED to approve the recommendations within the report.**

**54 STATE AID**

Wayne Bowcock, Deputy Chief Fire Officer, presented the report.

**Resolved to note the first recommendations and determine the second, as stated within the exempt minutes.**

**55 RESILIENCE PLANNING AND ARRANGEMENTS UPDATE**

John Buckley, Chief Fire Officer, presented the report.

**RESOLVED to approve the recommendations within the report.**



**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

Nottinghamshire and City of Nottingham  
Fire and Rescue Authority

# **PRUDENTIAL CODE FOR CAPITAL FINANCE 2016/17**

Joint Report of the Treasurer and Chief Fire Officer

**Date:** 26 February 2016

**Purpose of Report:**

To inform Members of the Authority's obligations under the CIPFA Prudential Code for Capital Finance.

To seek the approval of Members to the proposed capital plans, prudential limits, and monitoring processes set out in the report.

## **CONTACT OFFICER**

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## 1. BACKGROUND

- 1.1 The Local Government Act 2003 set 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, which CIPFA updated in 2011.
- 1.2 The objectives of the Prudential Code are to ensure that the capital investment plans of authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice. In exceptional cases, the Code should provide a framework which will demonstrate where the objectives may not be ensured, so that timely remedial action can be taken.
- 1.3 The Prudential Code sets out a number of indicators which authorities must use to support decision making. These are not designed to be comparative performance indicators. In addition, the CIPFA Treasury Management code of practice and guidance notes (also updated in 2011) sets out a series of treasury indicators. The prudential and treasury indicators should be considered in parallel and they are therefore included together in this report.
- 1.4 This report sets out the proposed prudential and treasury limits for the Authority for the 2016/17 financial year along with the implications of the proposed Capital Programme, which will be presented with the budget report elsewhere on the agenda.
- 1.5 Reports which monitor the Authority's performance against these indicators will be presented to the Finance and Resources Committee throughout the year.

## 2. REPORT

### PRUDENTIAL INDICATORS FOR AFFORDABILITY

- 2.1 **Estimates of the Ratio of Financing Costs to Net Revenue Stream for 2015/16, 2016/17, 2017/18 and 2018/19, and Actual Ratio of Financing Costs for 2014/15**

2014/15 Actual £000s	2015/16 Estimate £000s	2016/17 Estimate £000s	2017/18 Estimate £000s	2018/19 Estimate £000s
Ratio of Financing Costs to Net Revenue Stream				
5.2%	4.5%	5.6%	6.8%	7.2%

It has previously been agreed by the Authority that in order to meet the prudential code requirements of affordability and sustainability, the ratio of financing costs to net revenue stream should not exceed 8%. The ratio has reduced from 2014/15 to 2015/16 primarily due to a decrease in the financing costs in 2015/16. The main reasons for this decrease are as follows:

- Interest charges were lower as a loan which matured in 2014/15 has not yet been replaced
- The 2014/15 financing costs included a voluntary revenue provision charge, and there will be no such charge in 2015/16
- Finance lease charges have reduced because the primary term of the last finance lease expired in March 2015. The only lease related charges incurred in 2015/16 relate to the extension of a lease for 4 fire appliances
- The minimum revenue provision charge has reduced in 2015/16.

The ratio increases between 2016/17 and 2018/19 as the net revenue stream reduces due to funding cuts and the financing costs steadily increase. However, the projected ratio is still well within the 8% limit.

**Estimates of the Incremental Impact of the New Capital Investment Decisions on the Council Tax (Band D) for 2016/17, 2017/18 and 2018/19, and the Actual Incremental Impact on Council Tax for 2015/16**

2015/16 Actual £000s	2016/17 Estimate £000s	2017/18 Estimate £000s	2018/19 Estimate £000s
Incremental Impact on Council Tax			
-£0.29	£0.55	£1.46	£0.46

The table above shows that the effect of the decreased financing costs in 2015/16 is a reduction in the incremental impact on council tax in that year. Beyond this, there are incremental increases in 2016/17 and 2017/18 as the minimum revenue provision charge steadily increases. The decrease in 2018/19 is due to a combination of a reduction in interest payments as two loans reach maturity, and a reduction in the minimum revenue provision charge as a number of shorter-life assets become fully financed.

**PRUDENTIAL INDICATORS FOR PRUDENCE**

**2.2 Gross Debt and the Capital Financing Requirement**

In order to ensure that over the medium term gross debt will only be for capital purposes, this indicator requires that external debt does not, except in the short term, exceed the total of the capital financing requirement estimated up to the end of 2018/19. Performance against this indicator will be monitored throughout the year. For information, at 31 March 2015 (2014/15 financial year), the Capital Financing Requirement was £22,160k, Net Debt (total debt less investments) was £15,288k and Gross Debt was £20,408k. The estimate of the Capital Financing Requirement at the end of 2018/19 is £30,634k,

thereby demonstrating that the indicator has not been breached. At the end of 2018/19, Gross Debt is expected to be in the region of £27.2m, with the Capital Financing Requirement estimated at £30.6m showing that this indicator should be achievable.

### 2.3 Treasury Management

As required by this indicator, the Authority has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

## PRUDENTIAL INDICATORS FOR CAPITAL EXPENDITURE AND EXTERNAL DEBT

### 2.4 Estimate of Total Capital Expenditure to be Incurred in 2015/16, 2016/17, 2017/18 and 2018/19, and Actual Capital Expenditure for 2014/15

2014/15 Actual £000s	2015/16 Estimate £000s	2016/17 Estimate £000s	2017/18 Estimate £000s	2018/19 Estimate £000s
Capital Expenditure Total				
4,467	5,536	4,505	4,093	1,136
Capital Expenditure – Financed by Borrowing / Finance Lease				
-591	3,841	3,189	2,301	-857
Capital Expenditure – Financed by Revenue Contributions				
0	0	0	0	0
Capital Expenditure – Financed by Internal Funds				
1,344	1,103	1,301	1,577	1,778
Capital Expenditure – Financed by Capital Grant				
1,534	592	0	0	0
Capital Expenditure – Financed by Capital Receipt				
2,180	0	15	215	215

The estimates for 2016/17 to 2018/19 are submitted to the Fire Authority for approval elsewhere on this agenda. However, the totals shown in the above table includes assumed slippage in addition to new capital expenditure and are therefore higher than the estimates included in the Budget Report. The final capital expenditure for each year may be different from the figures shown above but overall should be similar. Various financing methods have been assumed for the future years but in reality, decisions relating to financing methods will be taken as part of options analyses which will consider the best long term options for the Authority. These options need to be assessed at the time of financing. "Internal funds" in the above table refers to the use of cash available within budgeted resources generated by the minimum revenue provision charge, which is a non-cash transaction. Unused

cash from this source is assumed to be carried forward for use in future years. In 2014/15 and 2018/19 the amount to be financed by borrowing or leasing is shown as a negative figure. This means that our requirement to borrow is reduced by this amount in these years, and this occurs because a decision has been made to apply a level of financing from capital receipts, grants, and internal funds which is greater than the amount of capital expenditure incurred in those years. This approach has the benefit of reducing capital financing costs in future years.

**2.5 Estimate of Capital Financing Requirement as at the end of 2015/16, 2016/17, 2017/18 and 2018/19, and Actual Capital Financing Requirement as at 31/03/15**

<b>2014/15 Actual £000s</b>	<b>2015/16 Estimate £000s</b>	<b>2016/17 Estimate £000s</b>	<b>2017/18 Estimate £000s</b>	<b>2018/19 Estimate £000s</b>
<b>Capital Financing Requirement</b>				
22,160	26,001	29,190	31,491	30,634

The Capital Financing Requirement is the sum of money required from external sources to fund Capital Expenditure, and represents the Authority's underlying need to borrow for capital purposes. It will therefore be the aggregate of all capital expenditure, less any revenue contributions, capital grants or capital receipts. The above table shows that the Capital Financing Requirement increases between 2014/15 and 2018/19, which is largely due to two reasons:

- The cessation of capital grant funding by central government;
- No revenue contributions budgeted to fund the capital programme.

The Sustainable Capital Plans report referred to in paragraph 2.1 also concluded that in order to meet the Prudential Code requirements of affordability and sustainability, the capital financing requirement in future years should not exceed £40m.

**Operational Boundary and Authorised Limit for External Debt**

- 2.6 The Operational Boundary is the Authority's estimate of its total external debt, including other long-term liabilities (such as finance leases) which are separately identified. This is to reflect the most likely scenario and not the worst case. It is possible for the operational boundary to be temporarily breached to take account of unusual movements in cash flow but this should not be a regular occurrence. A variation from the operational boundary is permissible, but will be reported to the Fire Authority.
- 2.7 The Authorised Limit is essentially the same as the Operational Boundary but allows headroom over and above it to take account of unusual movements in cash flow and therefore should be the maximum amount of external debt that

the Authority is exposed to at any given time. Any proposed variation from the Authorised Limit must be authorised by the Fire Authority

- 2.8 Cash flow forecasts have been prepared for 2016/17 to 2018/19 and indicate that there will be no difficulty in maintaining a positive current account balance on a month by month basis and therefore there is no proposal to seek an increase in the Authority's approved overdraft limit of £200,000. However, previous experience shows that these estimates can sometimes be wrong temporarily due to delays in income receipts and it has proved necessary in the past to negotiate temporary increases in this figure of up to £500,000. It is therefore proposed that this buffer of £500,000 should be included within both the operational boundary and the authorised limit.

	2016/17 £000s	2017/18 £000s	2018/19 £000s
<b>Operational Boundary</b>			
O.B. for borrowing	28,026	30,252	29,816
O.B. for other long term liabilities	0	0	0
Total - Operational Boundary for External Debt	28,026	30,252	29,816
<b>Authorised Limit</b>			
A.L. for borrowing	30,829	33,277	32,798
A.L. for other long term liabilities	0	0	0
Total - Authorised Limit for External Debt	30,829	33,277	32,798

## 2.9 Actual External Debt as at 31/03/15

	2014/15 £000s
Actual borrowing	20,408
Actual other long term liabilities	0
Total – Actual External Debt	20,408

## INDICATORS FOR TREASURY MANAGEMENT

- 2.10 The Service carries out its own treasury management in accordance with the CIPFA Code of Practice for Treasury Management, which was revised in 2011. The Authority has adopted a low risk approach to treasury management, which seeks to ensure that investments are secure and that there is sufficient liquidity of funds to enable the Authority carry out its business.



## Gross and Net Debt

- 2.11 The actual amount of external long term borrowing as at 31/03/15 was £20,337k, with short term borrowing totalling £71k. There were no other long term liabilities at the same date. At the same date, the amount of investments was £5,120k, giving a net debt position of £15,288k as at 31/03/15.
- 2.12 The Treasury Management Strategy 2016/17 report, which is elsewhere on this agenda, outlines the proposal to borrow over the next three years to finance the capital programme and to replace maturing loans, and the decision about when to borrow will depend upon interest rate forecasts. For the purposes of setting indicators, assumptions have been made about when borrowing may take place – the reality of this will be determined by Officers in conjunction with the Authority’s treasury advisers.
- 2.13 The proportion of net debt to gross debt can highlight where an Authority is borrowing in advance of need, as it shows the extent to which funds have been borrowed and then invested. Whilst the Authority is permitted to borrow in advance to finance the capital programme approved within the Medium Term Financial Strategy, where borrowing rates are higher than investment rates this creates a “cost of carry”. Therefore when investment interest rates are low, as they currently are, this cost is reduced by keeping the proportion of net debt to gross debt as high as is practicable. For information, the proportion of net debt to gross debt as at 31 March 2015 was 75%, and it is forecast to be 72% at the end of the current financial year. It is proposed that the Authority sets the following limits for the proportion of net debt to gross debt:

	2016/17	2017/18	2018/19
Lower limit for proportion of net debt to gross debt	50%	50%	50%
Upper limit for proportion of net debt to gross debt	85%	85%	85%

## Interest Rate Risk Exposure

- 2.14 In terms of borrowing, it has been considered prudent to use Public Works Loans Board (PWLB) fixed interest loans on most occasions. This is because the PWLB generally offers rates which cannot be obtained elsewhere in the marketplace. However the Authority did take out a market loan in 2007/08, benefiting from an advantageous rate. Unlike lending, borrowing is a low risk activity so future borrowing arrangements will be entered into on the basis of what is most advantageous for the Authority at the time. Any proposals to borrow from alternative sources to the PWLB will be discussed and agreed with the Treasurer.
- 2.15 Borrowing in the past has been at fixed interest rates although variable rates are not ruled out. It is therefore considered that up to 30% of borrowing might come from variable rate sources if these are considered financially advantageous at the time of financing. For policy changes beyond this, however, it is suggested that Fire Authority approval should be sought.

- 2.16 The total value of lending is not expected to exceed £20m, which is likely to peak around July 2016 however it is difficult to assess what the likely investment profile might be as this depends upon capital expenditure timings as well as the level of pension top up grant received from the Government, and the timing of borrowing. The aim will be to reduce risk by investing funds in more than one institution at any given time. Members should note, however, that it is not feasible to set a maximum limit for investing with any one institution as the numbers of banks which meet our minimum credit rating criteria is now very few and even those on the list will not always accept our investments as the Authority is a “small player”. The Authority can also invest in Money Market Funds and certificates of deposit in line with the Treasury Management Strategy.
- 2.17 It is proposed that the Authority sets the following limits for interest rate exposures:

	Benchmark %	2015/16 %	2016/17 %	2017/18 %	2018/19 %
Interest Rate Exposures					
Upper Limit for fixed rate exposures	100%	100%	100%	100%	100%
Upper Limit for variable rate exposures	30%	30%	30%	30%	30%

**Loan Maturity**

- 2.18 The code of practice and CIPFA guidelines state that there should be no direct linkage between the assets financed and the term of loans taken out. Upper limits in terms of loan maturity are set to ensure that the Authority is not exposed to the risk of having to repay loans and then re-borrow in the short term when interest rates might be high.
- 2.19 It is recommended that the maturity structure limits remain unchanged for 2016/17. The Authority holds a loan of £4m which is structured as a “Lender Option Borrower Option” (LOBO) loan. This means that on 7 March 2013 and every five years thereafter, the lender may revise the interest rate. The Authority may choose to repay the loan without penalty if the amended rate is not advantageous. The rate was not changed on 7 March 2013, so the next opportunity for revision is 7 March 2018. Unless the Authority chooses to repay the loan early due to an unfavourable interest rate change, the loan will mature in 2078. The uncertainty around the maturity date of this loan has an impact on the calculation of the maturity structure of the Authority’s borrowing. If the loan were to mature in 2018, as is possible under the terms of the LOBO agreement, the limit for debt maturing between 12 months and 5 years will be breached. However, as the risk of the LOBO rate increasing during the medium term is low due to downward pressures on interest rates, the re-financing risk arising from the loan maturing within 5 years is low. Therefore a breach of this nature would be considered acceptable.

<b>Limits on the Maturity Structure of Borrowing</b>		
	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months to 5 years	30%	0%
5 years to 10 years	75%	0%
10 years to 20 years	100%	0%
Over 20 years	100%	30%

## 2.20 Principal Sums Invested for Periods Longer than 365 Days

Investments arising from borrowing to support the capital programme are unlikely to exceed one year in duration, however for surplus cash which supports reserves it may be desirable to invest monies for a slightly longer period to achieve a level of certainty around interest receipts and perhaps beneficial interest rates. Such decisions will be influenced by market conditions at the time and the liquidity of funds will be of paramount importance. It is proposed that Officers should be able to invest monies for longer than a year if this appears to be an advantageous strategy, but that a maximum limit of £2m be applied to any such investments. This will contain the Authority's exposure to the possibility of loss arising from having to seek early repayment of investments.

<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Prudential Limits for Principal Sums Invested for Periods Longer than 365 Days		
2,000	2,000	2,000

## 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 specific human resources or learning and development implications which arise directly from this report.

## 5. EQUALITIES IMPLICATIONS

This is not a new policy or service, so no initial assessment has been completed. A previous assessment has shown that there are no specific equality impacts which arise directly from the Prudential Code.

## 6. CRIME AND DISORDER IMPLICATIONS

There are no specific crime and disorder implications which arise directly from this report.

## 7. LEGAL IMPLICATIONS

The Local Government Act 2003 imposes an obligation on the Authority to agree and monitor its prudential indicators.

## 8. RISK MANAGEMENT IMPLICATIONS

The risk exposures in this report relate primarily to three areas:

- The risk of over exposure of the Authority to interest rate fluctuations;
- The risk that the Authority has an unmanageable or unaffordable level of borrowing;
- The risk of tying up investments, thereby reducing liquidity and exposing the Authority to possible losses arising from early repayment of investments.

This paper serves to set out those risks and ensure that they are managed.

## 9. RECOMMENDATIONS

That Members approve the Prudential Limits for 2016/17 as follows:

Estimate of Ratio of Financing Costs to Net Revenue Stream	5.6%
Estimate of the Incremental Impact of the New Capital Investment Decisions on the Council Tax (Band D)	£0.55
Estimate of Total Capital Expenditure to be Incurred	£4,505,000
Estimate of Capital Financing Requirement	£29,190,000
Operational Boundary	£28,026,000
Authorised Limit	£30,829,000
Upper limit for fixed rate interest exposures	100%
Upper limit for variable rate interest exposures	30%
Loan Maturity:	<u>Limits:</u>
Under 12 months	Upper 20% Lower 0%

12 months to 5 years	Upper 30% Lower 0%
5 years to 10 years	Upper 75% Lower 0%
Over 10 years	Upper 100% Lower 0%
Over 20 years	Upper 100% Lower 30%
Upper Limit for Principal Sums Invested for Periods Longer than 365 Days	£2,000,000

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

None.

John Buckley  
**CHIEF FIRE OFFICER**

Neil Timms  
**TREASURER TO THE FIRE AUTHORITY**

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**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

Nottinghamshire and City of Nottingham  
Fire and Rescue Authority

# TREASURY MANAGEMENT STRATEGY 2016/17

Report of the Treasurer to the Fire Authority

**Date:** 26 February 2016

**Purpose of Report:**

To inform Members of the Authority's Treasury Management Strategy for 2016/17.

To seek approval of the Authority's Minimum Revenue Provision Policy for 2016/17.

## CONTACT OFFICER

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## **1. BACKGROUND**

- 1.1 The Local Government Act 2003 requires the Authority to set out its treasury strategy for borrowing and to prepare an annual investment strategy; this sets out the Authority's policies for borrowing, for managing its investments and for giving priority to the security and liquidity of those investments.
- 1.2 Treasury management is defined as "the management of investments and cash flows, 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 Authority adopted the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2009 (the Code) on 9 April 2010 (the Code was updated in 2011). It is a requirement of the Code that the Authority creates and maintains:
- A treasury management policy statement, which states the policies, objectives and approach to risk management of its treasury management activities. This statement is given in Appendix A.
  - Suitable treasury management practices, setting out how the Authority will seek to achieve those policies and objectives and how activities will be controlled and managed. The Authority's practices were reviewed in 2013/14.
- 1.4 A report on the Prudential Code for Capital Accounting is also on this agenda. This report sets out the prudential indicators for 2016/17, which are designed to ensure that the Authority's capital investment plans are affordable, prudent and sustainable and are in accordance with CIPFA's Prudential Code. This Treasury Management Strategy report is complementary to that Prudential Code report and the proposed prudential and treasury limits for 2016/17 are included in both reports for completeness.
- 1.5 This report also sets out the Authority's Minimum Revenue Provision policy for 2016/17 for approval by Members in paragraphs 2.42 to 2.45.
- 1.6 The Authority has appointed Capita Asset Services as its external treasury management adviser. Capita Asset Services has provided the Authority with its view on anticipated interest rates for the forthcoming year.

## **2. REPORT**

### **TREASURY MANAGEMENT STRATEGY FOR 2016/17**

- 2.1 The Local Government Act 2003 (the Act) and supporting regulations requires the Authority to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and



Treasury Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

- 2.2 The Act therefore requires the Authority to set out its treasury strategy for borrowing and to prepare an annual investment strategy: this sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 2.3 The suggested strategy for 2016/17 in respect of the following aspects of the treasury management function is based upon Officers' views on interest rates, supplemented with leading market forecasts provided by the Authority's treasury adviser, Capita Asset Services.
- 2.4 The strategy covers:
- Prudential and treasury indicators;
  - The borrowing requirement;
  - Prospects for interest rates;
  - The borrowing strategy;
  - Policy on borrowing in advance of need;
  - Debt rescheduling;
  - The investment strategy;
  - Creditworthiness policy;
  - Policy on use of external service providers;
  - The Minimum Revenue Provision policy;
  - Training of Officers and Members.
- 2.5 The Authority recognises that whilst there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources, responsibility for treasury management decisions remains with the organisation at all times. The Authority will therefore ensure that undue reliance is not placed upon external service providers.

## **BALANCED BUDGET REQUIREMENT**

- 2.6 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Authority to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This includes a statutory requirement to make a prudent provision for an annual contribution from its revenue budget towards the reduction in its overall borrowing requirement. This charge is known as the Minimum Revenue Provision (MRP). This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -
- Increases in interest charges caused by increased borrowing to finance additional capital expenditure;
  - Any increases in running costs from new capital projects, and

- Any increases in the Minimum Revenue Provision are limited to a level which is affordable within the projected income of the Authority for the foreseeable future.

## **ECONOMIC BACKGROUND**

- 2.7 The 2014 UK GDP growth rate of 2.9% was the strongest since 2006, and the 2015 growth rate is likely to be a leading rate amongst G7 countries. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% - 2.7% over the next three years. However, for this recovery to become more balanced and sustainable in the longer term, it needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure.
- 2.8 The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.3%. It was recognised that wage inflation needed to rise faster than general inflation in order to make the recovery sustainable, so it is encouraging that wage inflation has risen significantly above CPI inflation during 2015. This reversal of the squeeze on disposable incomes has led to stronger consumer demand, which in turn has supported growth.
- 2.9 The Bank of England's November Inflation Report was subdued in respect of the forecasts for CPI inflation, with CPI expected to barely get back up to the 2% target within the next two or three years from the current level of 0.3% (January 2016). The Bank of England said that inflation may temporarily turn negative in the spring. There is considerable uncertainty around how quickly inflation will rise in the next few years and this makes it difficult for economists to forecast when the Bank of England base rate will begin to increase. Current forecasts for an increase in the bank rate range from quarter 2 in 2016 to quarter 4 in 2016. Increases after that are likely to be at a slower pace, and to lower final levels that prevailed before 2008.
- 2.10 Economic forecasting remains difficult, with a number of internal and external factors influencing the UK position. Downside risks to current forecasts for UK gilt yields and PWLB rates include:
- UK economic growth and increases in inflation are currently weaker than anticipated
  - Weak growth or recession in the UK's main trading partners – the EU and the US
  - A resurgence of the Eurozone sovereign debt crisis
  - Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially in the Eurozone and Japan
  - Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing flows to economic safe havens such as the UK

Upside risks include:

- Uncertainty around the UK exit from the EU;
- UK inflation returning to significantly higher levels than in the wider EU and the US, causing an increase in the inflation premium inherent to gilt yields.

2.11 Capita Asset Services has provided a forecast on the bank interest rate, which draws on current City forecasts:

<b>Capita Asset Services Bank Rate Forecasts</b>	
As at 31 March 2016	0.50%
As at 31 March 2017	0.75%
As at 31 March 2018	1.25%
As at 31 March 2019	1.75%

## **MANAGEMENT OF CASH RESOURCES**

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

2.13 The bank overdraft level is £200,000 and this is usually sufficient. There are occasions when the overdraft exceeds £200,000 and temporary arrangements are made with the bank to increase the limit to £500,000. The Prudential Code report included an overdraft limit of £500,000 within the authorised limit to allow for such instances. It is proposed that the overdraft facility remains at a level of £200,000.

2.14 Part of the treasury management operation is to ensure that cash flows are adequately planned, with cash being available when it is needed. A 3 year cash flow projection is prepared together with a 3 month rolling cash flow forecast. The 3 month forecast is updated regularly and this process reveals when cash surpluses are likely to arise.

2.15 The current bank account is checked on a daily basis and the balance is transferred to the investment account (Business Premium Account) if the interest rate is favourable.

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

## **BORROWING STRATEGY**

- 2.17 The prudential indicators for borrowing are set out in Appendix B. Background information relating to these indicators is contained within the Prudential Code for Capital Finance 2016/17 report which is elsewhere on this agenda.
- 2.18 The capital financing requirement is the sum of money required from external sources to fund capital expenditure i.e. the Authority's underlying need to borrow or lease. For 2016/17 this figure is estimated at £29,190,000. This figure is comprised of capital expenditure incurred historically by the Authority that has yet to be financed by capital receipts, grants, or contributions from revenue including MRP charges, plus estimated capital expenditure and capital financing for 2015/16 and 2016/17.
- 2.19 The Authority's strategy in the past has been to borrow funds from the Public Works Loan Board (PWLB). The PWLB is an agent of HM Treasury and its function is to lend money from the National Loans Fund to local authorities and other prescribed bodies. Its interest rates are generally favourable compared to those applicable to borrowings from other sources within the marketplace. However, in 2007/08, a £4m loan was borrowed from a bank, with a fixed interest rate which was lower than the equivalent PWLB rate. It is therefore proposed that the Authority continues to borrow primarily from the PWLB, but considers fixed rate market borrowing when market rates are lower than PWLB rates. In addition to this, the Authority may also consider loans from the UK's Municipal Bond Agency, which is currently in the process of being set up and is likely to be offering loans to local authorities in the near future.
- 2.20 The loan of £4m referred to in paragraph 2.20 is structured as a "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. If the lender does exercise the option to revise the interest rate, the strategy will be to either agree to continue the loan with the revised interest rate or to repay the loan and replace it with new, long term debt at a lower rate depending on which is the most advantageous option for the Authority. As the interest rate was not changed on 7 March 2013, the next opportunity for a revision is 7 March 2018.
- 2.21 Over the next three years, it is anticipated that the Authority will need to borrow up to £13m to finance the capital programme and to replace up to £6.5m of maturing loans.

2.22 Capita Asset Services' view on future PWLB interest rates is:

	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Mar 18	Mar 19
5 yr PWLB	1.80%	1.90%	2.00%	2.10%	2.20%	2.60%	3.00%
10 yr PWLB	2.40%	2.50%	2.60%	2.70%	2.80%	3.20%	3.50%
25 yr PWLB	3.20%	3.20%	3.30%	3.40%	3.50%	3.80%	3.90%
50 yr PWLB	3.00%	3.00%	3.10%	3.20%	3.30%	3.70%	3.80%

The table above has been adjusted for the PWLB certainty rate, which is a 20 basis points reduction in the interest rate for Authorities such as this one which have applied for it.

2.23 In view of the above forecast the Authority's borrowing strategy will be based upon the following information.

- A combination of capital receipts, internal funds and borrowing will be used to finance capital expenditure in 2016/17 and beyond.
- Four PWLB loans will mature in the medium term (£2m in 2016/17, £2m in 2017/18 and £1m and £1.5m in 2018/19). These will need to be replaced with new borrowing and it is estimated that new borrowing in the period 2016/17 to 2018/19 will be in the region of £13m.
- Capita Asset Services' view is that PWLB rates are likely to rise over the next three years. It may therefore be advantageous to take out new loans earlier in the period, as this will have a lesser impact on the revenue budget for the periods of the loans. However if this is in advance of the need to spend, there will be a cost of capital impact as referred to in paragraph 2.27 below.
- PWLB rates on loans of less than ten years duration are expected to be lower than longer term PWLB rates. However, the existing debt maturity profile of the Authority will also be taken into account when decisions are made regarding the duration of new borrowing. The Authority will strive to seek a balance between securing the most advantageous rate whilst ensuring that it is not unduly exposed to re-financing risk.
- Consideration will also be given to borrowing fixed rate market loans at 0.25% – 0.50% below the PWLB target rate and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.
- PWLB Maturity loans will continue to be taken if the overall cost of such loans is less than the equivalent Annuity loans. If this strategy results in a short term breach of the Gross Borrowing and Capital Financing Requirement indicator, then the reasons for this will be explained to members of the Authority.

2.24 The Authority is currently maintaining an under-borrowed position. This means that the capital financing requirement has not been fully funded with loan debt; instead the cash supporting the Authority's reserves and balances

is being used as a temporary measure. The use of cash balances in this way is known as “internal borrowing”, and this strategy is prudent as investment returns are low and counterparty risk is relatively high. The Authority will aim to build cash levels up again in the future in order to ensure that reserves and balances are “cash-backed” to an appropriate level, however the timing of this will very much depend on the prevailing economic conditions and the Authority’s ability to ensure the security of funds and demonstrate value for money in its investment returns.

2.25 Officers, in conjunction with treasury advisors, will continually monitor both the prevailing interest rates and market forecasts, adopting the following responses to a change in position:

- If it were felt that there was a significant risk of a sharp **fall** in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- If it were felt that there was a significant risk of a much sharper **rise** in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

2.26 The Authority’s gross debt position is projected to be £22.3m by the end of 2015/16, but investments of approximately £7.2m are expected to be in place at 31 March 2016, giving a net debt position of around £15.1m. Currently, investment interest rates are substantially lower than debt interest rates so the use of reserves rather than borrowing to finance capital expenditure over the past three years has resulted in better value for money in the short term (see paragraph 2.25 for more details). Interest rates are forecasted to rise slowly over the next three years, and the Authority will monitor rate changes closely when determining when the time is right to borrow.

2.27 The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed, although this scenario is unlikely anyway given that current borrowing rates are higher than current investment interest rates, creating a cost of capital impact. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Authority can ensure the security of funds invested. In determining whether borrowing will be undertaken in advance of need the Authority will:

- Ensure that borrowing is only undertaken to finance the capital programme approved within the current Medium Term Financial Strategy;
- Ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered;

- Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

2.28 The rescheduling of debt involves the early repayment of existing borrowings and their replacement with new loans. As short term borrowing rates will be cheaper than longer term fixed interest rates, this would indicate a potential to generate savings by switching from long to short term debt. However, a premium would be payable which may negate the savings, and the loan maturity profile of the Authority indicates that this would increase exposure to interest rate risk. It is therefore unlikely that rescheduling of debt will take place in 2016/17 although this will be kept under review should circumstances change. Rescheduling will be considered for the following reasons:

- The generation of cash savings and / or discounted cash flow savings;
- Enhancing the balance of the portfolio by amending the maturity profile.

Any rescheduling of debt will be reported to Members at the earliest meeting following its action.

## **INVESTMENT STRATEGY**

2.29 The Authority will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") issued in March 2004, the Audit Commission's report on Icelandic investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance. The Authority's investment priorities are:

- (a) the security of capital and
- (b) the liquidity of its investments.

The Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Authority is low in order to give priority to security of its investments. The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Authority will not engage in such activity.

2.30 Investment opportunities will arise when there are temporary cash surpluses. In accordance with guidance from CIPFA, and in order to minimise the risk to investments, the Authority sets a minimum acceptable credit quality of counterparties for investment. To determine the institutions with which investments may be placed, the Authority uses the creditworthiness service provided by Capita Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors forming the core element. It is recognised that ratings should not be the sole determinant of the quality of an institution,

and Capita's creditworthiness service does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries;
- Information from the financial press and share price information.

The methodology used by Capita to create creditworthiness ratings has been amended. This is due to the withdrawal by the credit ratings agencies of an uplift in ratings due to implied sovereign support for institutions. This process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In keeping with the agencies' new methodologies, the rating element of Capita's own credit assessment process now focuses solely on the Short and Long Term ratings of an institution. Other key elements of Capita's process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay, have not been changed.

Whilst the Authority understands the changes that have taken place, and the reasons for them, it will continue to specify a minimum sovereign rating of AA by Fitch (or equivalent). This is in relation to the fact that the underlying domestic and, where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

2.31 The modelling approach combines credit ratings, credit watches, credit in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product is a series of colour code bands which indicate the relative creditworthiness of counterparties and enable diversification in investments. These colour codes are used by the Authority to determine both the credit-worthiness of institutions and the duration for investments. It is regarded as an essential tool, which the Authority would not be able to replicate using in house resources.

2.32 The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Capita's weekly credit list of potential counterparties. The Authority will therefore use counterparties within the following durational bands:

- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days



Institutions within the “purple band” (24 months), the “yellow band” (5 years) or with no colour band will not be used.

- 2.33 The Authority has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix C. This list will be added to or deducted from by Officers should ratings change in accordance with this policy.
- 2.34 The latest credit list provided by Capita will be made available to Members at the meeting.
- 2.35 In accordance with its low risk appetite, the Authority may undertake the following types of “specified” investments:
- Deposits with the Debt Management Office (Government);
  - Term deposits with Banks and Building Societies;
  - Call deposits with Banks and Building Societies;
  - Term Deposits with uncapped English and Welsh local authority bodies;
  - Triple-A rated Money Market Funds;
  - UK Treasury Bills;
  - Certificates of Deposit (see paragraph 2.36).
- 2.36 Certificates of Deposit (CDs) are a new addition to the Authority’s list of “specified” investment types. They are a low-risk investment offered by banks and building societies. Cash is paid to the financial institution in exchange for a rate of interest agreed for a fixed period in exchange for a “certificate”. These certificates can be sold in a secondary market, but the Authority will not engage in this type of activity unless acting on advice received from their treasury advisors. The main advantage to CDs is that they are offered by institutions that would not usually accept term deposits from an Authority of this size. Their use will therefore open up opportunities to invest with a wider range of high-credit rated counterparties.
- 2.37 The risks associated with investing will be reduced if investments are spread e.g. over counterparties or over countries. The Authority will therefore aim to limit its investment with any single counterparty to £2m. It is, however, difficult to impose any further spreading requirement due to the relatively small size of the Authority’s investments and the fact that investment institutions will often only accept a minimum investment sum, which may render any such policy unworkable. Despite this Officers will, wherever possible, avoid the concentration of investments with one counterparty or group.

- 2.38 The majority of past investments have been for periods of 3 months or less. In the current financial climate no term deposit investments with other counterparties, such as UK semi-nationalised banks and local authorities, will be made for more than 1 year without the prior approval of the Treasurer and the Chair of Finance and Resources Committee. The Authority will avoid locking into longer term deals while investment rates are down at historically low levels unless exceptionally attractive rates are available which make longer term deals worthwhile.
- 2.39 All credit ratings will be monitored via a weekly update from Capita Asset Services. The Authority is alerted to changes to ratings of all three agencies as and when they occur through its use of the Capita creditworthiness service. If a downgrade results in the counterparty/investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition to the use of Credit Ratings the Authority will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.
- 2.40 Investments will normally be made for durations which accord with Capita's credit quality list so, for example, an investment would be made for no more than 100 days (3 months) with a "Green" rated counterparty. This policy works well with fixed term deposits but where the Authority invests in a "call" account in a bank there is no fixed duration for the deposit. In such instances, officers will monitor intelligence about the bank and give notice to withdraw funds immediately if there is any indication of a substantially increased risk to the security of the deposit. Where call accounts are used, deposits will only be made where the minimum notice period is no longer than the Capita suggested duration for that institution, and it is therefore recognised that the total period of the investment may be longer than the Capita suggested duration in some cases.
- 2.41 Sole reliance will not be placed on the use of this external service. In addition this Authority will also use market data and market information, information on government support for banks and the credit ratings of that government support.

#### **MINIMUM REVENUE PROVISION POLICY 2016/17**

- 2.42 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into force on 31 March 2008. These regulations were an amendment to the 2003 regulations and introduced several changes to the capital finance regime for local authorities (including fire authorities) in England. The most significant of these were provisions dealing with the calculation of Minimum Revenue Provision (MRP), which is the amount an authority charges to its revenue account in respect of the financing of capital expenditure.
- 2.43 Under the regulations, Authorities must make a "prudent provision" for MRP and guidance is given on the interpretation of this: "provision for the

borrowing which financed the acquisition of an asset should be made over a period bearing some relation to that over which the asset continues to provide a service". This guidance translates into the asset life method. Authorities are permitted to continue charging MRP calculated using the old method for borrowing and credit arrangements which funded capital expenditure incurred before 1 April 2007. This method calculates a charge of 4% of the capital financing requirement each year to revenue.

2.44 The following policy on MRP is therefore recommended to members and budgetary provision for MRP has been made on this basis:

- For all borrowing and credit arrangements to fund capital expenditure incurred before or during 2006/07, the minimum revenue provision applied in 2016/17 will continue to be calculated on the basis of the 4% CFR (capital financing requirement) method. This method will continue to be used in future years for capital expenditure incurred during or before 2006/07.
- For all borrowing and credit arrangements to fund capital expenditure incurred from 2007/08 onwards, the minimum revenue provision applied in 2016/17 will be calculated on the basis of the Asset Life method.

2.45 The regulations also allow for Voluntary Revenue Provision (VRP) charges to be made. A VRP charge would be in addition to the MRP charge, and would have the effect of reducing MRP charges in future years, resulting in revenue budget savings. If the situation arises in the year whereby Officers feel that a VRP charge would be advantageous (e.g. if there are revenue budget underspends), then a recommendation will be made to Finance and Resources Committee to approve a VRP charge during the year.

## **TRAINING OF OFFICERS AND MEMBERS**

2.46 Under the Code, good practice is defined as ensuring that all staff involved in treasury management are appropriately trained and experienced to undertake their duties. Employees within the Finance Department who carry out treasury management activities are suitably trained and experienced and routinely attend at least one treasury management update event each year to ensure that their knowledge keeps pace with changes. Changes within the Finance Department have led to different staff members taking on some responsibilities for treasury management activities. In response to this, additional treasury management training will be delivered to relevant finance staff during the next few months.

2.47 It is also suggested that those tasked with treasury management scrutiny responsibilities also have access to suitable training. A treasury management training seminar was last held for Members in July 2014, therefore a refresher session will be arranged later this year.

### **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 directly from this report.

### **5. EQUALITIES IMPLICATIONS**

There are no equalities issues arising directly from this report.

### **6. CRIME AND DISORDER IMPLICATIONS**

There are no crime and disorder implications arising directly 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**

The investment of local authority funds cannot be achieved without some element of risk. Careful choice of borrowers using creditworthiness indices will minimise this risk. This prudent approach will undoubtedly result in some interest rate loss but the principles of security and liquidity are paramount.

### **9. RECOMMENDATIONS**

It is recommended that Members:

- 9.1 Note the Treasury Management Strategy 2016/17 as set out in this report.
- 9.2 Approve the Minimum Revenue Provision policy 2016/17 as set out in paragraphs 2.42 to 2.45.

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

None.

Neil Timms  
**TREASURER TO THE FIRE AUTHORITY**

## TREASURY MANAGEMENT POLICY STATEMENT

1. The Authority defines its treasury management activities as: “The management of the authority’s 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”.
2. The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. The Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.”

## PRUDENTIAL AND TREASURY INDICATORS FOR 2016/17

Estimate of Ratio of Financing Costs to Net Revenue Stream	5.6%
Estimate of the Incremental Impact of the New Capital Investment Decisions on the Council Tax (Band D)	£0.55
Estimate of Total Capital Expenditure to be Incurred	£4,505,000
Estimate of Capital Financing Requirement	£29,190,000
Operational Boundary	£28,026,000
Authorised Limit	£30,829,000
Upper limit for fixed rate interest exposures	100%
Upper limit for variable rate interest exposures	30%
Loan Maturity:	<u>Limits:</u>
Under 12 months	Upper 20% Lower 0%
12 months to 5 years	Upper 30% Lower 0%
5 years to 10 years	Upper 75% Lower 0%
Over 10 years	Upper 100% Lower 0%
Over 20 years	Upper 100% Lower 30%
Upper Limit for Principal Sums Invested for Periods Longer than 365 Days	£2,000,000

## APPROVED COUNTRIES FOR INVESTMENTS – FITCH RATINGS

AAA	AA+	AA
Australia	Finland	Abu Dhabi (UAE)
Canada	U.K.	France
Denmark	U.S.A.	Qatar
Germany		
Luxembourg		
Netherlands		
Norway		
Singapore		
Sweden		
Switzerland		





**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

Nottinghamshire and City of Nottingham  
Fire and Rescue Authority

# REVIEW OF RESERVES AND WORKING BALANCES

Report of the Chief Fire Officer

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**Date:** 26 February 2016

**Purpose of Report:**

To seek the approval of the Nottinghamshire and City of Nottingham Fire and Rescue Authority to the minimum level of working balances sufficient to meet the needs of the Authority during the 2016/17 financial year and beyond.

## CONTACT OFFICER

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## **1. BACKGROUND**

- 1.1 The Fire and Rescue Authority holds a level of working balances to meet specific risks and potential liabilities of a strategic, operational and financial nature.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) publishes guidance on the matter of financial reserves and sets out a number of specific risk areas that financial officers need to consider when setting the levels of balances.
- 1.3 As in previous years, a risk based approach has been taken to determine a reasonable level of balances. In accordance with this risk based approach, the level of balances required for 2016/2017 is £3,845,025, a reduction from the 2015/2016 figure which was £4,026,550.

## **2. REPORT**

### **GENERAL RESERVES**

- 2.1 The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 2.2 There are also a range of safeguards in place that help to prevent local authorities over-committing themselves financially. These include:
  - i) The balanced budget requirement (sections 31a and 42a of the Local Government Finance Act 1992).
  - ii) The Treasurers' duty to report on the robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003) when the authority is considering its budget requirement.
  - iii) The legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the chief finance officer / proper officer has responsibility for the administration of those affairs (section 151 of the Local Government Act 1972).
  - iv) The requirements of the Prudential Code.
  - v) External auditors will confirm that there are no material uncertainties about an Authority's ability to continue operating, given its financial position.

- 2.3. 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.
- 2.4. 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 taking into account all the relevant local circumstances. Such circumstances vary. 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.
- 2.5. CIPFA sets out that reserves can be held for three main purposes:
  - 2.5.1. A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
  - 2.5.2 A contingency to cushion the impact of unexpected events or emergencies - this also forms part of general reserves;
  - 2.5.3 A means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but legally remain part of the General Fund.
- 2.6. The annual review of the risk assessment applicable to reserves and balances has recently been carried out by the Authority's Risk Manager and Head of Finance and the result of this risk assessment is given at Appendix A. This enables Members to see the key risks to which the Service is exposed and their estimated possible financial impacts.
- 2.7. There are three main categories of risk shown in the assessment: the risk of legal action being taken against the Authority, resulting in a financial loss; the risk of financial loss arising specifically from financial activities, and operational risks which could lead to financial loss. 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.
- 2.8. The approach has examined each of the risk exposures and considered both the possible financial impact on the Service and the likelihood of occurrence. A risk factor has been allocated to each risk reflecting the likely frequency of occurrence of the 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.

- 2.9. The approach also considers the extent to which financial risks can be transferred to the private sector by way of insurances, thus creating a balance between insured and self-financed risk. Where insurances are in place, the risk value reflects the level of deductible within the insurance policy.
- 2.10. 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. The Authority has already determined that it generally wishes to adopt a low risk appetite and therefore the estimated levels of balances reflect this position.
- 2.11. The risk assessment review identified some changes in risks, mainly in terms of the increase (or sometimes decrease) in the potential costs of existing risks. The frequency of risk occurrence has also been reviewed in the light of another year of experience.
- 2.12. The updated risk assessment shows that an appropriate level of general reserves and working balances is £3.8m. This risk value has decreased since last year and the main reason for this is that a further year has passed during which a number of the risks have not materialised into events thereby reducing their risk frequency factor.
- 2.13. One risk has been removed: “Pension strain payments arising from redundancy”. It is considered that the decision to effect a redundancy which gives rise to a pension strain charge would be at the discretion of the Authority and is therefore an event which can be planned for and not a risk.
- 2.14. There are four risks where the risk value has increased significantly compared to the previous year. These are:
  - 2.14.1 The risk that the number of ill health retirements in a year will be higher than budgeted for. Recent experience is showing an upward trend in ill health retirements (from £75k to £135k).
  - 2.14.2 The risk value associated with an industrial dispute – this has been amended to reflect recent experience of the potential annual cost of industrial action (from £350k to £495k).
  - 2.14.3 The risk value associated with interventions by the Health and Safety Executive. This has been increased to reflect the recent experience of another Authority’s costs arising from such an intervention (from £20k to £315k).
  - 2.14.4 The cost of financing redundancies if sufficient savings cannot be found to cover this cost. The potential change to the Authority’s

governance may impact on more senior level posts where redundancy costs could be higher (from £24k to £500k).

- 2.15. There are a number of other risks where amendments have been made to reflect changes in expected likelihood or impact in the light of another year's experience. The full risk assessment is given at Appendix A.
- 2.16 As set out in paragraph 2.4, the risk assessment which determines what the minimum level of reserves should be is carried out using the professional judgement of the Officers involved in the process. As well as the Risk Manager and the Head of Finance, the process involves consulting other Managers with particular areas of expertise in order 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 and a review of the results of this process in previous years shows that the highest minimum level was for the year 2014/15 (£4.2m), but that the minimum level assessed for 2016/17 (£3.8m) is still higher than the figure for 2013/14 (£3.4m). 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. Even so paragraph 2.14 above demonstrates that risk values can and do increase, and the strategic risk register includes external risks which could impact on the Authority in the future.
- 2.17 The projected level of balances by 31 March 2016 is of the order of £7m which is higher than the £3.8m required, the excess being in the region of £3.2m. The budget report (elsewhere on this agenda) shows that significant pressure remains to achieve budget reductions over the next four years and that contributions from reserves are required to balance the budget in 2016/2017 and in future years. It is considered that it would be prudent to retain this excess sum within reserves to allow, if necessary, for a contribution from reserves to support the budget in the years following 2016/2017 whilst longer term budget savings are in the process of implementation.
- 2.18 It is appropriate to assure Members in this report that the level of balances to be held by the Authority will be sufficient to cover the risk based liabilities which may arise and the Treasurer will report on this as part of his duties under Section 25 of the Local Government Act 2003.

## **EARMARKED RESERVES**

- 2.19 In addition to general reserves the Authority holds a number of earmarked reserves which are funds put aside to meet future items of expenditure. They may also have arisen from grants or donations which have been received in anticipation of activities to be undertaken at a future date and therefore held on the balance sheet as earmarked reserves.
- 2.20 A full review of earmarked reserves was undertaken at the end of the last financial year. As part of the Authority's final accounts closedown process, all earmarked reserves will once again be reviewed by budget managers and

Finance staff and the final earmarked reserves will be reported to Members within the Authority's Statement of Accounts 2015/2016.

- 2.21 The total value of earmarked reserves at 31 March 2015 was £3.831m. During the period up to the end of January 2016 approximately £499k of these reserves had been spent or planned to be spent, and a further contribution of £130k to top up the pensions ill health earmarked reserve is planned to fund ill health charges over the next two years. This results in an expected earmarked reserves balance of £3.461m by 31 March 2016. Earmarked reserves and their forecast balances as at 31 March 2016 are shown in Appendix B.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The maintenance of adequate working balances is a legal requirement under S27 Local Government Act 2003, and the Authority's Treasurer is charged with determining the adequacy of those balances or, as they are described in the Act, the "Controlled Reserve".
- 3.2 The risk assessment demonstrates that the level of balances should be in the order of £3.8m.

### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

There are no implications for Human Resources or Learning and Development arising from this report.

### **5. EQUALITIES IMPLICATIONS**

An equality impact assessment has not been undertaken because this report relates entirely to accounting matters.

### **6. CRIME AND DISORDER IMPLICATIONS**

There are crime and disorder implications arising from this report.

### **7. LEGAL IMPLICATIONS**

The legal implications and requirements are set out in full within the report.

### **8. RISK MANAGEMENT IMPLICATIONS**

The risk management implications are set out in full in the report and in Appendix A.

## **9. RECOMMENDATIONS**

It is recommended that Members:

- 9.1 Note the results of the review of risks shown at Appendix A;
- 9.2 Approve the proposed minimum level of working balances of £3.8m for 2016/2017.

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

None.

John Buckley  
**CHIEF FIRE OFFICER**

**General and Working Balances Risk Assessment**

**APPENDIX A**

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Risk Description	Risk Effect	Control Measures	Insurable	Risk Value	Risk Factor Reflecting Frequency	Reserve Required	Revenue Budget
Discrimination cases	Reputational damage; Legal costs, employment tribunal costs unbudgeted	Professional HR advice, policies, procedures, management training, legal advice	N	500,000	0.25	125,000	0
Unfair Dismissal cases	Reputational damage; Legal costs, employment tribunal costs unbudgeted	Professional HR advice, policies, procedures, management training, legal advice	N	10,000	0.2	2,000	0
Settlement Agreements / Termination settlements	Reputational damage; Legal costs, employment tribunal costs unbudgeted	Professional HR advice, policies, procedures, management training, legal advice	N	100,000	1	100,000	0
Case for damages brought against the Authority	Reputational damage; Legal costs, Damages unbudgeted	Policies, procedures, management training, legal advice, procurement advice		1,000,000	0.2	200,000	0
Appoint independent investigator at request of elected Members	Cost of paying investigators	Policies, procedures, management training, legal advice, procurement advice	N	30,000	0.25	7,500	0
Discretionary Compensation scheme		Professional HR advice, policies, procedures, management training, legal advice	N	60,000	1	60,000	0
Equal pay claims	Reputational damage; Legal costs, employment tribunal costs unbudgeted	Professional HR advice, policies, procedures, management training, legal advice, equal pay audit	N	70,000	0.1	7,000	0
Injury Compensation Scheme awards above level budgeted for	Additional costs	Policies and procedures, training etc. to reduce likelihood of injury. Occupational Health devising new interventions to reduce risk.	N	7,000	1	7,000	0



Risk Description	Risk Effect	Control Measures	Insurable	Risk Value	Risk Factor Reflecting Frequency	Reserve Required	Revenue Budget
Ill health retirements higher than number budgeted for	Additional costs	Professional HR advice, policies, procedures, management training, legal advice, (no earmarked reserve left)	N	135,000	2	270,000	0
Pension Ombudsman Rulings	Compensation award payment	Pension administration expertise bought in	N	5,000	1	5,000	0
Medical Appeals re FFPS	Cost of appeal process	IQMP policy and advice taken	N	8,000	1.5	12,000	0
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.	Maintain adequate contingency cover. Contingency arrangements well tested during 2013-2015 industrial action.	N	495,000	1	495,000	0
Non compliance with environmental legislation - support for legal proceedings	Cost of responding to enforcement action	Acquisition of permits / licences; planned drainage works; site risk profiles	N	70,000	0.25	17,500	0
Negligent fire safety work	Litigation	Training, procedures, effective SLA's with an appropriate allocation of liabilities	Y	10,000	0.1	1,000	0
Increase in numbers of vulnerable people due to economic climate	Loss of council tax precept income, additional cost of fire prevention activity	No controls in place	N	204,000	0.5	102,000	0
Change in legislation / regulations	Loss of use; cost of modifications and replacements	Continuous review process	N	100,000	0.1	10,000	0
Unforeseen general change in legislation / Major Incident Reviews	Increased costs of working due to doing more or doing things differently & costs of training	Awareness	N	100,000	0.2	20,000	0
Risk to health, safety & welfare of employees	Litigation; legal costs & staff absence	Operating procedures; training; written safety policy; risk assessments	Y	10,500	3	31,500	0
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	N	315,000	0.1	31,500	0

Risk Description	Risk Effect	Control Measures	Insurable	Risk Value	Risk Factor Reflecting Frequency	Reserve Required	Revenue Budget
Reignition or other negligence	Reputational, financial	Operating procedures	Y	10,500	1	10,500	0
Breach of security	Loss of confidential data; Information Commission fines	Security measures	N	100,000	0.1	10,000	0
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	N	500,000	0.5	250,000	0
Discovery of major property structural problem that restricts / prevents use of all or part of building(s)	Loss of use; cost of repair; impairment to operational effectiveness	Continuity plans, repair and refurbishment programme	P	600,000	0.1	60,000	0
Fire, flood or other peril	Loss of use; cost of repair; impairment to operational effectiveness	Continuity plans, repair and refurbishment programme	Y	1000	0.2	200	0
Theft of assets	Disruption	Safety procedures	Y	1000	1	1,000	0
Own damage	Disruption	Risk management	Y	1000	1	1,000	0
Serious injury to public	Reputation, cost, staff time	Training and procedures	Y	10,500	0.1	1,050	0
Damage to vehicle	Loss of use; cost of repair; replacement vehicle hire; lease extensions	Road Risk Group - review of road risk; training; inclusion of vehicle safety options	Y	1,000	100	100,000	35,000
Appliance written off in an accident	Loss of use; insurance receipt may not cover cost of replacement	Road Risk Group - review of road risk; training; inclusion of vehicle safety options	Y	120,000	0.5	60,000	0
Multiple appliances written off in major incident (maximum 2 appliances)	Loss of use; insurance receipt may not cover cost of replacement; appliance degradation enacted; impact on service delivery; impact on appliance replacement programme	Training and procedures; appliance degradation procedure	Y	200,000	0.1	20,000	0
Major vehicle defect (affecting part of fleet)	Loss of use; cost of rectifying defect if beyond warranty	Mutual assistance, robust and routine fleet inspections	N	150,000	0.2	30,000	0
Unforeseen increase in fuel prices	Increased costs	None	N	70,000	1	70,000	0
Major operational equipment defect	Loss of use; cost of modifications and replacements	Inspection routines	N	100,000	0.2	20,000	0

Risk Description	Risk Effect	Control Measures	Insurable	Risk Value	Risk Factor Reflecting Frequency	Reserve Required	Revenue Budget
Major fraud	Financial loss	Internal control	Y	5,000	0.1	500	0
Higher than expected pay awards	Large hit on pay contingency	Maintain adequate general contingency	N	494,000	1	494,000	0
Significant change in interest rates	Increased costs / loss of income	Prudential code and treasury management indicators	N	120,000	0.2	24,000	0
Unforeseen indirect impacts of changes to pension regulations	Potential additional NI costs, potential increased membership so employers' superannuation costs etc.	Monitor ongoing consultations etc and budget for likely impacts as soon as clear	N	140,000	0.5	70,000	0
Business failure of bank or investment counterparty	Loss of working capital or investment funds up to £2m	Treasury management strategy, risk analysis of investment options and counterparties	N	2,000,000	0.2	400,000	0
Failure of counterparty to purchase fixed asset for sale	Loss of capital receipt to be used to finance capital programme, or contribute towards required savings – financial loss	Legal advice for major contracts and due diligence including risk analysis of prospective purchasers	N	2,000,000	0.2	400,000	0
Unanticipated loss of short term income i.e. from precept, non domestic rates or government grant	Timings of budget process may not allow sufficient time to plan for such changes	Network of Chief Financial Officers keep abreast of developments.	N	420,750	0.5	210,375	0
Major CBRN / terrorist incident	Reduction in capability to respond	Multi-agency plans; New Dimensions equipment; BCM plans; Response degradation policy; Mutual Aid	N	86,000	0.1	8,600	0
Natural disasters	Reduction in capability to respond	Multi-agency plans; New Dimensions equipment; BCM plans; Response degradation policy; Mutual Aid	N	86,000	0.5	43,000	0
Multiple large incidents	Reduction in capability to respond	Multi-agency plans; New Dimensions equipment; BCM plans; Response degradation policy; Mutual Aid	N	86,000	0.3	25,800	0
Hot or dry summers	Increased retained call-outs	None	N	200,000	0.33	66,000	0
<b>TOTALS</b>				<b>10,732,250</b>		<b>3,880,025</b>	<b>35,000</b>

Minimum level of General Reserve  
2016/17

**3,845,025**

## Earmarked Reserves

## APPENDIX B

Reserve	Balance 31 March 2015 £	Estimated Spend Against Reserve in 2015/16 £	Estimated Contributions to Reserves in 2015/16 £	Estimated Balance 31 March 2016 £
<b>FUNDED BY GRANTS</b>				
LPSA Reward Grant	303,952	-130,000		173,952
Fire Investigation	119,978			119,978
Safe as Houses - Smoke Alarms	21,661			21,661
Community Safety - Innovation Fund	200,594			200,594
Resilience Crewing and Training	382,262			382,262
Thoresby Estate Charitable Trust	4,047			4,047
Enhanced Logistical Support DCLG	6,908			6,908
	1,039,402	-130,000	0	909,402
<b>CREATED FROM REVENUE</b>				
Pensions Ill Health	139,561		130,000	269,561
On Fire Fund - Fire Safety	86,749			86,749
Fire Control Transition	168,123			168,123
Agresso Development	15,680			15,680
Training BCM & Values	2,864			2,864
ICT Sharepoint Internet/Intranet	97,086			97,086
Operational Equipment	41,734			41,734
Capital Reserve	1,154,276			1,154,276
Organisation Transition - one off costs	520,980	-369,372		151,608
Swan Project - Ashfield	217			217
Fire Control Collaboration Project*	219,815			219,815
Fire Cadets Project	22,837			22,837
Backlog Buildings Maintenance	100,000			100,000
LAT Pull Down Machines	11,400			11,400
Taxation Compliance	10,000			10,000
Communications Development	200,000			200,000
	2,791,322	-369,372	130,000	2,551,950
<b>TOTAL</b>	<b>3,830,724</b>	<b>-499,372</b>	<b>130,000</b>	<b>3,461,352</b>

\* The Fire Control Collaboration Project earmarked reserve has been re-designated for the Tri-Service Control Project (Phase 2)



**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

Nottinghamshire and City of Nottingham  
Fire and Rescue Authority

# **BUDGET PROPOSALS FOR 2016/2017 TO 2018/2019 AND COUNCIL TAX 2016/2017**

Report of the Chief Fire Officer

**Date:** 26 February 2016

**Purpose of Report:**

To present the Fire Authority with proposals for Revenue and Capital budgets for 2016/2017 to 2018/2019 to allow Members to determine the level of Council Tax for 2016/2017.

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## **1. BACKGROUND**

- 1.1 At its meeting on 16 January 2016 the Finance and Resources Committee considered a report from the Chief Fire Officer setting out the latest budget position based on the provisional grant settlement and the indicative position with regard to Council Taxbase.
- 1.2 The Finance and Resources Committee was asked to consider two options for Council Tax and make recommendations to the full Fire Authority. This report sets out the implications of the option selected by the Finance and Resources Committee at its January meeting.
- 1.3 The budgetary position presented to the Finance and Resources Committee has been updated for the final figures for taxbase and surplus on Collection Fund and includes a statement by the Authority's Treasurer in relation to the robustness of estimates and the adequacy of reserves and balances as required by S25 of the Local Government Act. Final figures for Revenue Support Grant and Business Rates Top-up Grant were received as part of the final finance settlement and these were the same as the provisional figures received in December 2015.
- 1.4 The Fire Authority is required to set a precept before 1 March 2016 and notify this to the billing authorities.

## **2. REPORT**

### **CAPITAL BUDGET PROPOSALS 2016/2017 TO 2018/2019**

- 2.1 The Authority maintains a sustainable Capital Programme that has been planned out over an extended period. This programme seeks to replace appliances and vehicles when they are approaching the end of their useful life, maintains a rolling programme of ICT replacements and a property programme that will both ensure that property remains fit for purpose, is appropriately located and can be contained within the internal capacity of the organisation to complete.
- 2.2 The programme is set out for the next three years and reflects proposed new expenditure. Actual expenditure in each year may also be increased by slippage approved by the Fire Authority to be carried forward from the prior year.

The proposed Capital Programme for 2016/2017 to 2018/2019 is therefore as follows:

<b>Capital Programme Item</b>	<b>2016/17 Proposed</b>	<b>2017/18 Proposed</b>	<b>2018/19 Proposed</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Appliance Replacement (3-3-3)	907,435	908,155	908,905
Special Appliances	51,800	0	0
Appliance Equipment	25,650	0	0
Light Vehicle Replacement	173,346	353,538	407,380
<b>Transport Total:</b>	<b>1,158,231</b>	<b>1,261,693</b>	<b>1,316,285</b>
Special Appliances Equipment (Holmatro)	157,000	0	0
BA Sets	0	700,000	0
<b>Equipment Total:</b>	<b>157,000</b>	<b>700,000</b>	<b>0</b>
Feasibility Studies Station design	22,500		
Fire Station Project	325,000	2,350,000	75,000
<b>Property Total:</b>	<b>347,500</b>	<b>2,350,000</b>	<b>75,000</b>
ICT Capital Programme	140,000	140,000	140,000
Mobile Computing	20,000	20,000	0
Business Process Automation	95,450	0	0
<b>ICT Total:</b>	<b>255,450</b>	<b>160,000</b>	<b>140,000</b>
Agresso Upgrade	35,000	0	0
Tranman Software	11,000	0	0
<b>IT Systems Total:</b>	<b>46,000</b>	<b>0</b>	<b>0</b>
<b>Total Capital Programme:</b>	<b>1,964,181</b>	<b>4,471,693</b>	<b>1,531,285</b>

- 2.3 The rescue pump renewals programme assumes that three appliances will be replaced each year - this is a working assumption based on current fire cover arrangements. The Authority currently has a contract for rescue pump replacement procured jointly with Derbyshire Fire and Rescue Service.
- 2.4 The special appliances budget covers two activities: firstly the procurement of a new body for an existing chassis to create a general purpose lorry and back-up vehicle for the Operational Support Unit. This will allow for the disposal of two smaller vehicles; secondly the provision of updated radio and mobile data ICT equipment in two existing special appliances.
- 2.5 The light vehicle programme has been virtually suspended during recent restructures and the lives of vehicles have been extended where possible. This was to avoid purchasing vehicles which may not have been required going forward. A review of light vehicle usage and requirements is currently underway, but it is expected that there will need to be an element of “catch up” with vehicle procurement. New station vehicles are planned to be purchased in the first year of the programme.
- 2.6 The equipment programme is for the replacement of Holmatro rescue equipment hoses and pumps next year and the replacement of breathing apparatus in 2017/2018 when the current provision reaches the end of its life.

- 2.7 The property programme allows for one fire station to be re-built during the three year period, together with a feasibility study to prepare for the next project. The budget has been phased such that design, project planning and tendering will take place in 2016/2017 with construction of a new station throughout all of 2017/2018 and finishing in the final year. The actual station selected for rebuild or refurbishment will depend on other factors and actual project proposals will be brought back to the Finance and Resources committee. This budget sets aside the resources to continue with the Authority's sustainable capital programme which will ensure that all property assets remain fit for purpose over time.
- 2.8 The ICT programme has been pared back and now contains budget to replace items by way of a rolling programme and provision for the general expansion of ICT usage across the organisation. The business automation project will allow for the development of improved and more efficient ICT processes within the Service.
- 2.9 Two IT systems will require upgrades: the Agresso finance and procurement system and the Tranman transport system.
- 2.10 The Chair of the Finance and Resources Committee spent the day with capital budget holders on 3<sup>rd</sup> November 2015, going through the capital programme plans and their revenue implications.

## **REVENUE BUDGETS 2016/2017 TO 2018/2019**

- 2.11 The budget report presented to the Fire Authority in February 2015 detailed a revenue budget requirement of £42.6m for 2016/2017. It was estimated at this time that this would result in a budget deficit of between £2.3m and £2.7m for that year, and that there would continue to be a budget deficit going forward although this was based on assumptions about future funding levels. During this year's budget process further savings have been driven out and in December 2015 the Fire Authority approved a number of measures which would result in a reduced budget requirement over the next three years.
- 2.12 Detailed budgets have been prepared for the three years 2016/2017 to 2018/2019. A broad outline estimate of the budget requirement for 2019/2020 has also been prepared to give a budget requirement for each of the next four years. A number of key assumptions have been made in drawing up these budgets including assumed pay awards of 1% per annum for all groups of employees. The budget for 2016/2017 was finalised at the end of January 2016, when the surplus on Collection Fund and Taxbase were confirmed by the billing authorities.
- 2.13 The base budget for the current year 2015/2016 is £41,782,731. The budget process has resulted in a number of proposed changes to this position, and these are summarised in the following table for each of the next three years (a more detailed breakdown is given in Appendix C):



<b>Changes to Budget Requirement</b>		2016/17	2017/18	2018/19
		£000's	£000's	£000's
Base Budget Previous Year		41,783	41,295	42,156
Pay and Inflation				
	Pay awards, increments, job evaluation	430	439	335
	Bank holidays	-141	18	-87
	Increase in Retained	325	239	80
	Pay assumptions	112	29	-5
	NI End of Contracting Out	518		
	Inflation: non-pay	23	26	12
Growth				
	Work Proposals - various	233		5
	Short term project work	185		
	Unavoidable increases	196	63	30
	Princes Trust	194		
	Remove Section 31 Grant Business Rates Retention		118	
Savings		-719	-89	-19
Capital Financing		167	439	142
Restructuring				
	Fire Protection Conversions	-15	-67	-4
	Specialist Rescue	-818		
	Contribution to earmarked reserve to fund SRT reduction in posts in advance of natural turnover	350	-350	
	Flexi SMs	-234		
	Support Staff various	-155		14
	Strategic Team Restructure	-81		
	Enhanced Crewing - deletion of 10 posts	-387		
Adjustment to Reserves - eliminate contribution 2015/16		-570		
Additional Surplus on Collection Fund		-128		
Miscellaneous minor adjustments		27	-4	2
Net Changes in Year		-523	862	504
Proposed Base Budget (Budget Requirement)		41,295	42,156	42,660

- 2.14 Pay awards in the above table are assumed to be at 1% for the next three years, in line with the government's previously announced target for public sector pay. As well as the pay award, this line includes incremental progression for administrative and support employees, as well as progression from development pay rates for operational employees. Where pay for posts has increased as a result of job evaluation, this is built into the budget as an on-going cost.
- 2.15 The number of bank holidays in each financial year can change depending on when Easter falls. This can have a significant impact on costs as operational and Control employees are required to cover bank holidays, and this is reflected as a budgetary change.

- 2.16 Members will be aware from previous reports that an aim over the past year has been to improve the recruitment and retention of Retained employees, to increase availability and cover, and savings achieved elsewhere in the budget have been diverted to the Retained pay budget to help absorb this increased cost.
- 2.17 Pay assumptions are adjusted each year based on experience and take account of factors such as employees either opting out of pension schemes or, in the case of operational employees, transferring between pension schemes. The introduction of the single tier flat-rate state pension from April 2016 will bring an end to the National Insurance rebate in respect of employer costs for employees in the Service's occupational pension schemes, and this will result in an increased cost of £518k to the base budget in 2016/2017.
- 2.18 There are a number of other growth areas within the budget, although these have been kept to a minimum given the reduced funding levels faced by the Authority. Proposals for new projects and initiatives total £233k in 2016/2017 and these are listed in detail in Appendix C. The most significant of these relate to the purchase of personal protective equipment for the increased number of Retained employees, and the organisational development agenda which seeks to enable the Service to move forward positively in a period of great change.
- 2.19 The addition of £185k to the 2016/2017 base budget recognises that with a contracting pay budget and less employees the Service still needs to allocate sufficient resources to key projects to ensure that they are implemented successfully. Examples of this are the Emergency Services Mobile Communications Project (ESMCP), the move to the Public Services Network and activity to support the Sustainability Strategy for 2020 (reported elsewhere on this agenda).
- 2.20 The unavoidable increases, which total £196k for 2016/2017, include £98k for the increased costs of the FireLink communications contract; a £52k contribution towards the setting up of a regional team to administer the Tri-Service system; £21k of additional budget required to fund the on-going costs of recent ill-health retirements.
- 2.21 The increased cost of £194k to support the Princes Trust activity follows a report to the Policy and Strategy Committee in January 2016, where it was approved that this funding be put in place for 2016/2017. This represents a budgetary cost of £150k plus £44k to eliminate a contribution from reserves previously used to balance the activity's budget.
- 2.22 Savings have been proposed by Budget Managers during the budget process and these are listed in full in Appendix C. These total £719k for 2016/2017.
- 2.23 Capital financing budgets have been re-assessed to reflect the proposed capital programme outlined in paragraph 2.2 as well as slippage from previous years. Increases in this budget in recent years have been relatively low due to

the use of reserves to either finance capital expenditure directly or to fund a voluntary revenue provision charge as a way of reducing future charges. There will now be a sharper increase in costs, particularly in the 2017/2018 financial year and this reflects the Authority's requirement to continue to replace and improve its assets.

- 2.24 Restructuring initiatives in the table in paragraph 2.13 total £1,340k and all of these have already been approved by the Fire Authority so are not explained in any further detail. Appendix C shows that within this total there is an offsetting cost of £350k which is a contribution to earmarked reserves in the year to support the operational pay budget during the year whilst the natural turnover of employees brings the establishment down to the level approved by the Authority in December 2015. This is a one-off cost which is removed from the base budget in 2017/2018.
- 2.25 There are two other adjustments to the base budget: firstly the removal of the contribution to General Reserves approved by the Authority last February for the 2015/2016 revenue budget, a reduction of £570k; secondly the Collection Fund surplus notified by the billing authorities has increased by £128k to £421k so this is a reduction of £128k to the budget.
- 2.26 The budget requirement for 2016/2017 has been amended following the report to the Finance and Resources Committee in January for three reasons:
- 2.26.1 The surplus on the Collection Fund was confirmed by the billing authorities as £420,750 for 2016/2017, which represents an additional £128,400 of income to the revenue budget. There is a trend of increasing overall surpluses in recent years, however this income cannot be guaranteed from year to the next;
- 2.26.2 The insurance renewal tender process has recently completed and the result of this is that savings of £90k will be made on next year's motor insurance premium.
- 2.26.3 Section 31 grant relating to non-domestic rates was confirmed by the billing authorities as £35k less than the equivalent grant for 2015/2016.
- 2.27 Appendix D gives a full Cash Limit budget for 2016/2017 as well as indicative budgets for 2017/2018 and 2018/2019.

## **FINANCING THE BUDGET**

- 2.28 The Authority primarily receives income from Revenue Support Grant, Business Rates and Council Tax. The government announced the final settlement figures on 8 February 2016 covering the next four years, with an offer to local authorities that the settlement figures for the whole period will remain largely unchanged if authorities make an application for a four year settlement and "formulate ways to translate this greater certainty into efficiency savings". The deadline for making such an application is 14 October 2016,

however further detail on the application process has not been published as yet. Once there is more clarity about this, a recommendation will be brought to the Fire Authority by September 2016 at the latest. The final settlement provided transitional grant to assist those authorities with the sharpest reductions in funding in the first two years of the settlement period, however this Authority has not been a beneficiary of this grant.

- 2.29 It should be noted that there is a degree of uncertainty around the future funding regime in that the government has declared that business rates will ultimately become fully retained locally and revenue support grant will end. There will also be a review of the funding formula to reflect this change and this will determine how the transition to the new regime will be funded. In addition, responsibility for fire and rescue has transferred from the Department for Communities and Local Government to the Home Office and currently the implications of this on how the function will be funded in the future are unclear.
- 2.30 The table below shows the government's settlement figures for the next four years. The figures for 2016/2017 are confirmed, however the figures for the following three years remain provisional.

	2016/2017 £	2017/2018 £	2018/2019 £	2019/2020 £
Revenue Support Grant	8,867,336	6,978,641	5,961,472	5,335,309
Business Rates Assumption	3,449,016	3,462,187	3,564,324	3,678,246
Top Up Grant	6,531,053	6,659,508	6,855,969	7,075,098
<b>Total External Funding</b>	<b>18,847,405</b>	<b>17,100,336</b>	<b>16,381,765</b>	<b>16,088,653</b>

The reduction in external funding between 2015/2016 and 2019/2020 amounts to almost 21%.

- 2.31 The government announced, within the finance settlement, that the council tax increase threshold, above which a referendum would be triggered, would remain at 2%. No council tax freeze grant is being offered to authorities who maintain council tax next year at current levels.
- 2.32 The following table brings together the budget requirement and the finance settlement figures and presents the position for the Authority if there was no change to the level of council tax in each of the four years:

	2016/2017 £	2017/2018 £	2018/2019 £	2019/2020 £
Total External Funding	18,847,405	17,100,336	16,381,765	16,088,653
Budget Requirement	41,294,863	42,156,011	42,659,954	43,171,873
Balance to be met locally	22,447,458	25,055,675	26,278,189	27,083,221
Council Tax Yield*	21,922,426	22,196,456	22,496,108	22,799,806
<b>Budget Shortfall (Cumulative)</b>	<b>525,032</b>	<b>2,859,219</b>	<b>3,782,081</b>	<b>4,283,415</b>

\*Assumes a rise in tax base but no rise in Council Tax

The above figures show that a budget deficit of £525k will need to be eliminated in order for the Fire Authority to approve a balanced budget for 2016/2017. Even when this has been achieved, there will be a requirement to find further savings of approximately £3.7m by 2019/2020 (savings of £4.3m in total).

- 2.33 A council tax increase of 1% would generate additional funding of £218k, and a 1.95% increase would realise a total of £427k in 2016/2017.
- 2.34 The Finance and Resources Committee in January unanimously agreed to recommend a council tax increase of 1.95% to the Fire Authority. An increase of 1.95% in 2016/2017 only, with no change in council tax assumed for the following three years would have the following effect.

	2016/2017 £	2017/2018 £	2018/2019 £	2019/2020 £
Total External Funding	18,847,405	17,100,336	16,381,765	16,088,653
Budget Requirement	41,294,863	42,156,011	42,659,954	43,171,873
Balance to be met locally	22,447,458	25,055,675	26,278,189	27,083,221
Council Tax Yield*	22,349,132	22,628,497	22,933,981	23,243,590
<b>Budget Shortfall (Cumulative)</b>	<b>98,326</b>	<b>2,427,179</b>	<b>3,344,208</b>	<b>3,839,631</b>

\*Assumes a rise in tax base and a 1.95% increase in Council Tax in 2016/2017 only, with no Council Tax increases in the following years.

- 2.35 The two advantages of implementing a council tax increase in 2016/2017 are that: firstly it adds funding permanently into the base budget and secondly it reduces the budget deficit by £427k in 2016/2017. This would still leave the Authority with budget savings of £98k to find in order to approve a balanced budget as required by law, and the Finance and Resources Committee in January agreed to recommend that the remaining deficit in 2016/2017 be financed from general reserves. This would require the Chief Fire Officer to bring back to the Authority proposals to deal with both the on-going deficit which arises in 2016/2017, as well as the budget deficits forecast for future years.

## IMPACT ON BALANCES

- 2.42 Members will be aware that the authority holds reserves and balances and that the level recommended for 2016/2017 following the risk assessment is £3.845m. The following table shows the effect on general reserves if the budget shortfalls going forward are not addressed.

	2015/2016	2016/2017	2017/2018	2018/2019
	£	£	£	£
Opening Reserves Balance	6,535,000	6,786,000	6,777,674	4,350,495
Increase in Reserves due to planned budget surplus	341,000	0	0	0
Contribution from Reserves to balance budget	0	-98,326	-2,427,179	-3,344,208
Closing Reserves Balance	6,876,000	6,777,674	4,350,495	1,006,287

This table shows that by 2018/2019 the Authority would be operating with a level of general reserves significantly below the current risk assessment of the minimum level required. There would not be sufficient reserves at this stage to support a balanced budget in 2019/2020 and it is therefore crucial that the Chief Fire Officer continues to identify further budget reductions in 2016/2017 and beyond.

## **PROPOSAL FOR COUNCIL TAX INCREASES 2016/2017**

- 2.43 The recommendation proposed by the Finance and Resources Committee is set out in tabular form in Appendix A.
- 2.44 Council Tax for the Fire Authority is currently £72.44 at Band D and a 1.95% increase in this would raise it by £1.41 per year to £73.85. The effects of such an increase on other bands per year is as follows:

Band A	0.94
Band B	1.10
Band C	1.25
Band D	1.41
Band E	1.72
Band F	2.03
Band G	2.35
Band H	2.82

The majority of the homes in the City and County of Nottinghamshire fall into Bands A and B.

## **COMMENTS OF THE TREASURER**

- 2.50 Under Section 25 of the Local Government Act 2003, the Treasurer is required to report to the Authority on the following two matters:

- The robustness of the estimates made for the purposes of calculations; and
- The adequacy of reserves.

2.51 The Treasurer is satisfied that, on the basis of the financial risk assessments, the working balances are adequate and plans exist for using any surplus balances.

2.52 The Treasurer has been consulted fully concerning the build up and calculation of the budget, and is content that these have been prepared in an accurate and robust manner, such that the Authority will have adequate resources to discharge its responsibilities under various statutes and regulations.

2.53 A statement by the Authority Treasurer is included as Appendix B to this report.

### **3. FINANCIAL IMPLICATIONS**

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

### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

This report recommends that reserves are used to balance the budget for 2016/2017 and this will require the Chief Fire Officer to deliver plans for future savings. The report “Sustainability Strategy for 2020”, which is also on this agenda, sets out the scope for this work and includes human resources implications.

### **5. EQUALITIES IMPLICATIONS**

As this budget report provides an overview of the Authority’s financial position going forward, a full equality impact assessment has not been undertaken in relation to this report per se. However the significant budgetary changes affecting employees have been previously approved by the Authority and any equality impacts will have been considered at that time. There are some potential positive equality impacts arising from the Organisational Development strategy which will contribute towards improving workplace culture and includes initiatives such as mental health resilience and promoting the development of employees who may be members of minority groups.

### **6. CRIME AND DISORDER IMPLICATIONS**

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

## **7. LEGAL IMPLICATIONS**

The Authority must set a balanced budget for 2016/2017 but may acknowledge potential budget shortfalls for future years, which will be addressed at a future time.

## **8. RISK MANAGEMENT IMPLICATIONS**

- 8.1 Risks associated with budget setting are always significant. Budgets are by their very nature estimates of future activity and these estimates can sometimes turn out to be incorrect. One of the main risks of the 2016/2017 budget is that the employee establishment will not reduce in line with budgetary savings made and this risk will be managed by way of a contribution to earmarked reserves which can then be used to support the pay budget until the establishment has sufficiently contracted (as set out in paragraph 2.24). Other issues include the risk that national pay awards may not align with the assumptions.
- 8.2 There can be no control over external issues however the Authority has sufficient reserves to cope with any in year changes which alter these budget assumptions significantly.

## **9. RECOMMENDATIONS**

It is recommended that Members:

- 9.1 Consider the recommendation of the Finance and Resources Committee to the Fire Authority that there be a 1.95% Council Tax increase, with the residual balance of £98,326 met by funding from reserves, and set a Council Tax and precept for 2016/2017 as required by statute.
- 9.2 Approve the continued payment of Members Allowances for 2016/2017 in accordance with the approved scheme.

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

None.

John Buckley  
**CHIEF FIRE OFFICER**



**Proposal for Council Tax Increase of 1.95%**

An increase in Council Tax of 1.95% would require the Authority to set a Band D Council Tax of £73.85 per annum in 2016/2017.

Specifically in 2016/2017 Council Tax would be set at the following levels:

Band A	49.23
Band B	57.44
Band C	65.64
Band D	73.85
Band E	90.26
Band F	106.67
Band G	123.08
Band H	147.70

The level of Council Tax at Band D is then multiplied by the taxbase to calculate the precept to be set for each of the District Councils and the City Council as follows:

	<b>Taxbase</b>	<b>Percentage</b>	<b>Precept £</b>
Ashfield	31,936.30	10.6%	2,398,911.71
Bassetlaw	33,079.77	10.9%	2,501,283.97
Broxtowe	32,806.55	10.8%	2,456,768.67
Gedling	36,104.62	11.9%	2,709,438.13
Mansfield	28,272.00	9.4%	2,116,249.16
Newark and Sherwood	37,378.90	12.4%	2,772,281.71
Rushcliffe	40,959.60	13.5%	3,056,694.40
Nottingham City	62,091.00	20.5%	4,758,254.26
<b>Total</b>	<b>302,628.74</b>	<b>100.0%</b>	<b>22,769,882.01</b>

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

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

**STATEMENT BY AUTHORITY TREASURER**

Under Section 25 of the Local Government Act 2003, the Treasurer is specifically required to report to the Authority on the following two matters:

- The robustness of the estimates made for the purposes of calculations ; and
- The adequacy of reserves and working balances.

I have consulted with the Head of Finance and Resources and note that the required level of working balances is calculated using a risk assessment methodology. I am satisfied that, on the basis of those risk assessments, the proposed level of balances is adequate.

I note however that the current level of balances exceeds this recommended level but note the projected budget requirements for 2016/2017, 2017/2018, 2018/2019 and 2019/2020 exceed the possible grant and council tax yields for those years.

Earmarked Reserves are held for specific purposes, and include amounts for Unapplied LPSA Reward Grant, The Community Safety Fund, Pensions, Operational Equipment and Environmental Schemes.

I have also been consulted fully concerning the build up and calculation of both the Revenue and Capital budgets and am content that these have been prepared in an accurate and robust manner such that the Authority will have adequate resources to discharge its responsibilities under various statutes and regulations.

**Neil Timms CPFA MIRM  
FIRE AND RESCUE AUTHORITY TREASURER**

## PROPOSED CHANGES TO BASE BUDGETS 2016/2017 – 2018/2019

Changes to Budget Requirement		£000's	£000's
Base Budget 2015/16			41,783
Pay and Inflation			
	Pay awards 1%	313	
	Increase in Competent Nos	112	
	Pension Scheme Adjustments	87	
	NI End of Contracting Out	518	
	2 Fewer Bank Hols	-141	
	Correction re flexi allowance	-27	
	Reinstate previous savings / Increase in RDS	325	
	Increments	46	
	Job evaluation changes	11	
	Inflation Nonpay	7	
	Inflation - Premises budgets	16	1,267
Growth			
	Work Proposals:		
	- RDS PPE	90	
	- Organisational Development	75	
	- Gym Equipment - Cross trainers	4	
	- Gym Equipment - functional	10	
	- Occupational Health system upgrade	19	
	- Musculo-skeletal screening programme	10	
	- Photo Ionisation Dectors	25	
	Short term project work	185	
	Pensions administration	13	
	Drinking water (budget to match spend)	8	
	Insurances	5	
	FireLink increase	98	
	Tri-Service regional team	52	
	Ill health retirements	21	
	Princes Trust	194	
			807
Savings			
	- Section 31 Grant Business Rates Retention	-83	
	- Primary Key Authority	-8	
	- HR Nonpay budget savings	-6	
	- Pensions costs from revenue	-6	
	- External Audit Fees	-11	
	- Insurance re-tender	-90	
	- Legal Services	-45	
	- National Operational Guidance	-20	
	- Community Safety	-39	
	- Members allowances	-6	
	- PPE & Uniform	-27	
	- Lync telephony	-35	
	- ICT contracts	-78	

		£000's	£000's
	- ICT consumables etc.	-13	
	- Operational Equipment	-8	
	- Fuel	-31	
	- Fleet Maintenance	-29	
	- Fleet modifications	-29	
	- Guildhall charge reduction	-19	
	- Marketing & Publicity	-2	
	- Printing	-6	
	- New Dimensions - use of earmarked reserve	-10	
	- Treasurer	-6	
	- L&D nonpay	-70	
	- Special service charges	-12	
	- Room hire charges	-30	-719
Capital Financing			167
Restructuring			
	Fire Protection Conversions	-15	
	Specialist Rescue	-836	
	- SRT less additional equipment costs	19	
	Contribution to earmarked reserve to fund SRT reduction in posts in advance of natural turnover	350	
	Flexi SMs	-269	
	- Post conversion Equipment Grade 6	35	
	Hydrant Maintenance Inspection	-40	
	- Removal of Hydrant Maintenance recharge	-23	
	Procurement / Estates Restructure	13	
	District Administration Restructure	-180	
	HR Administrator	36	
	Corporate Comms Out of Hours Rota	27	
	Corporate Comms Restructure	3	
	Strategic Team Restructure	-81	
	Enhanced Crewing - deletion of 10 posts	-387	
	Finance Dept.	9	-1,340
Adjustment to Reserves - eliminate contribution 15/16			-570
Additional Surplus on Collection Fund			-128
Miscellaneous minor adjustments			27
<b>Budget Requirement 2016/2017</b>			<b>41,295</b>

Pay and Inflation			
	Pay inflation WT	243	
	Pay inflation RDS	53	
	Pay inflation Control	23	
	Pay inflation Admin	62	
	Increments Admin	56	
	Increase in Bank Holidays	18	

		£000's	£000's
	Development to competent adjustment	12	
	Inflation Members allowances	2	
	Ill health retirements	4	
	Injury allowances	13	
	Premises inflation	22	
	Other non-pay	4	511
Growth:	Remove Section 31 Grant Business Rates Retention	118	
	Blue light fittings	28	
	Interest income reduces as reserves are used	10	
	On-going impact previous restructures	-1	
	On-going impact JE regrades	3	158
Savings:			
	Remove one-off funding gym equipment	-10	
	Removal of OD one-off costs from 16/17	-31	
	Lync implementation	-20	
	End of protected pension age issue - tax saving	-7	
	2015 FFPS tapering	-11	
	Premises savings re London Rd station	-10	-89
Capital Financing			439
Restructuring			
	Uniform for additional RDS	23	
	Removal of one-off contribution to earmarked reserves for SRT reduction in posts	-350	
	RDS increased numbers of staff	239	
	FP conversions	-67	-154
Miscellaneous minor adjustments			-4
<b>Budget Requirement 2017/2018</b>			<b>42,156</b>

Pay and Inflation			
	Pay inflation WT	186	
	Fewer Bank Holidays	-87	
	Pay inflation RDS	32	
	Pay inflation Control	10	
	Pay inflation Admin	57	
	Increments Admin	27	
	Adjustment to vacancy factor	-8	
	Inflation Pensions	22	
	Inflation Members allowances	1	
	Premises inflation	7	
	Other non-pay inflation	4	252

		£000's	£000's
Growth:			
	Blue light fittings	7	
	OD - Workplace Culture Benchmarking	5	
	On-going impact JE regrades	3	15
Savings:			
	End of protected pension age issue - tax saving	-3	
	2015 FFPS tapering	-15	-19
Restructuring:			
	RDS increased numbers of staff	80	
	Uniform for additional RDS	23	
	On-going effects of previous restructures	14	
	FP conversions	-4	112
Capital Financing			142
Miscellaneous minor adjustments			2
<b>Budget Requirement 2018/2019</b>			<b>42,660</b>

## CASH LIMIT 2016/17 to 2018/19

## APPENDIX D

	Original Budget 2015/2016 £000's	Revised Budget 2015/2016 £000's	Budget Requirement 2016/2017 £000's	Budget Requirement 2017/2018 £000's	Budget Requirement 2018/19 £000's
<b>Employees</b>					
Direct Employee Expenses	31342	31416	31261	31883	32180
Indirect Employee Expenses	521	521	446	446	446
Pension	821	821	837	854	872
	<b>32684</b>	<b>32758</b>	<b>32544</b>	<b>33183</b>	<b>33498</b>
<b>Premises-Related Expenditure</b>					
Repairs Alterations and Maintenance of Buildings	544	540	545	561	567
Energy Costs	371	367	367	367	367
Rents	95	95	76	66	66
Rates	712	710	710	710	710
Water	72	72	81	84	85
Fixture and Fittings	1	1	1	1	1
Cleaning and Domestic Supplies	300	322	322	322	322
Grounds Maintenance Costs	26	26	26	28	28
Premises Insurance	35	35	36	36	36
Refuse Collection	37	37	38	39	40
	<b>2193</b>	<b>2205</b>	<b>2202</b>	<b>2214</b>	<b>2222</b>
<b>Transport-Related Expenditure</b>					
Direct Transport Cost	1127	1127	1038	1064	1073
Recharges	128	128	123	123	123
Public Transport	17	17	27	27	27
Transport Insurance	266	266	150	150	150
Car Allowances	369	369	366	366	366
	<b>1907</b>	<b>1907</b>	<b>1704</b>	<b>1730</b>	<b>1739</b>
<b>Supplies &amp; Services</b>					
Equipment Furniture and Materials	683	660	683	675	675
Catering	44	45	59	44	44
Clothes Uniforms and Laundry	264	268	346	369	392
Printing Stationery and General Office Expenses	85	85	60	60	60

	Original Budget 2015/2016 £000's	Revised Budget 2015/2016 £000's	Budget Requirement 2016/2017 £000's	Budget Requirement 2017/2018 £000's	Budget Requirement 2018/19 £000's
Services	474	486	584	556	562
Communications and Computing Expenses	1542	1547	1535	1515	1515
Grants and Subscriptions	36	36	39	54	54
Miscellaneous Expenses	36	36	38	38	38
	272	272	235	236	237
	<b>3436</b>	<b>3435</b>	<b>3579</b>	<b>3547</b>	<b>3577</b>
<b>Third Party Payments</b>					
Other Local Authorities	103	103	58	59	60
Private Contractors	23	23	0	0	0
	<b>126</b>	<b>126</b>	<b>58</b>	<b>59</b>	<b>60</b>
<b>Support Services</b>					
Finance	162	162	169	171	173
Corporate Services	43	43	43	43	43
	<b>205</b>	<b>205</b>	<b>212</b>	<b>214</b>	<b>216</b>
<b>Depreciation and Impairment Losses</b>					
Depreciation	0	0	0	0	0
Amortisation of Intangible Fixed Assets	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sales Fees &amp; Charges</b>					
Customer and Client Receipts	-144	-144	-193	-195	-196
	<b>-144</b>	<b>-144</b>	<b>-193</b>	<b>-195</b>	<b>-196</b>
<b>Other Income</b>					
Government Grants	-470	-555	-638	-520	-520
Other Grants/Reimbursements and Contributions	-303	-303	-490	-842	-843
Interest	-76	-76	-76	-66	-66
	<b>-849</b>	<b>-934</b>	<b>-1204</b>	<b>-1428</b>	<b>-1429</b>
<b>Capital Financing Costs</b>					
Interest Payments	952	952	1092	1254	1196
Debt Management Expenses	1273	1273	1301	1578	1778
	<b>2225</b>	<b>2225</b>	<b>2393</b>	<b>2832</b>	<b>2974</b>
<b>BUDGET</b>	<b>41,783</b>	<b>41,783</b>	<b>41,295</b>	<b>42,156</b>	<b>42,660</b>





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**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
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# **AMENDMENTS TO THE PERMANENT ESTABLISHMENT**

Report of the Chief Fire Officer

**Date:** 26 February 2016

**Purpose of Report:**

To present proposals for amendments to the permanent non-uniformed establishment.

## **CONTACT OFFICER**

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Chief Fire Officer

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## **1. BACKGROUND**

At its meeting on 22 January 2016, the Human Resources Committee considered and approved, subject to agreement by the Fire Authority, the establishment of two new posts to address new demands within the Corporate Support and Information and Communications Technology Departments.

## **2. REPORT**

### **INFORMATION GOVERNANCE MANAGER**

- 2.1 The requirements of increasing demand on the Service to comply with relevant regulation, codes of practice, and Acts of Parliament were set out in a paper to Policy and Strategy Committee "Information Management and Compliance" in November 2014. This report identified the need to build capacity to meet this demand.
- 2.2 A subsequent audit, carried out by Nottinghamshire County Council in March 2015, also identified some areas for development around Information Management.
- 2.3 Following a review of the current structure of the Performance Team , which forms part of the Corporate Support Department, it was proposed that a new post of Information Governance Manager be established with responsibility for data processing, storage, use and dispersal (as required by the Data Protection Act) and for dealing with requests under the Freedom of Information Act.
- 2.4 This post-holder would be qualified to support and advise the Service to ensure compliance with the relevant statutory requirements and have day to day responsibility for the development of the Information Management system.
- 2.5 This post would be funded through the deletion of two posts which are currently vacant within the Performance team.

### **ICT DEVELOPMENT OFFICER**

- 2.6 To meet changing demands on the ICT department, arising from the introduction, maintenance and development of core IT systems, additional resources are required to ensure that the Service has the organisational resilience and knowledge to meet current and future demands in the areas of technical systems development, business analysis and project delivery.
- 2.7 The proposed change to the ICT establishment will provide greater capacity to address these increasing demands, and reduce the need to engage external consultants.

- 2.8 This post would be funded by a reduction in the cost of consultancy services and other non-pay budgets within the ICT Department.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The post of Information Governance Manager is £35,549 per annum including on-costs. The savings from the deletion of two vacant posts are £55,559 per annum including on-costs, resulting in an overall saving of £20,010 per annum.
- 3.2 The post of ICT Development Officer is £35,549 per annum including on-costs and will be financed by savings generated in ICT non-pay budgets.

### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

Both posts have been graded at a Grade 6 following job evaluation, within the salary range £28746-£32778 (not including on-costs).

### **5. EQUALITIES IMPLICATIONS**

An equality impact assessment has not been undertaken as this does not represent a change to policy or service delivery.

### **6. CRIME AND DISORDER IMPLICATIONS**

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

### **7. LEGAL IMPLICATIONS**

In relation to the role of Information Governance Manager, there is a requirement to manage information in accordance with regulations and standards, including the Data Protection Act, Freedom of Information Act, Publications Scheme and Transparency Code.

### **8. RISK MANAGEMENT IMPLICATIONS**

- 8.1 Compliance with statutory legislation in relation to data management and transparency is complex and will continue to attract interest as part of the desire to increase democratic accountability and public body transparency. If the Service fails to adequately manage information gathering, storage and use it risks non-compliance with the legislation covering information management and governance.

- 8.2 Increasing reliance on ICT systems requires the development of internal resources and expertise to develop and maintain system resilience and ensure that key ICT projects are appropriately supported. An over reliance on external consultants risks a loss of corporate knowledge.

## **9. RECOMMENDATIONS**

That Members approve the establishment of the roles of Information Governance Manager and ICT Development Officer.

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

None.

John Buckley  
**CHIEF FIRE OFFICER**



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# **OPERATIONAL ACTIVITY UPDATE 2015**

Report of the Chief Fire Officer

**Date:** 26 February 2016

**Purpose of Report:**

To update the Fire Authority on the operational activity levels during the calendar year 2015.

## **CONTACT OFFICER**

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## **1. BACKGROUND**

- 1.1 During 2010 Nottinghamshire Fire and Rescue Service (NFRS) undertook the most comprehensive review of its operational activity since 1986. Under the term “Fire Cover Review”, the Service ‘risk-profiled’ the whole county against a risk matrix and looked at how the location and provision of resources matched the risk.
- 1.2 Since 2011 this data has been used to underpin key decisions regarding the location and level of operational resources and these were reviewed and updated as part of the Fire Cover Review process in 2015 (FCR 2015).
- 1.3 The findings from the FCR 2015 process have been presented to the Fire Authority 22 September 2015 and the Community Safety Committee has been tasked to consider potential implications and opportunities that report may offer.
- 1.4 The Service has also introduced its new command and control mobilising system, which will also provide additional data in future as it becomes operationally embedded.
- 1.5 The Fire Authority asked to be informed as to all future operational activity on an annual basis, to ensure that the level of operational resources best matched the risk profile of the county and city. This report introduces these statistics for the calendar year 2015 (January to December).

## **2. REPORT**

### **RISK PROFILE**

- 2.1 Risk profiling continues to be updated and there is no significant change to the county risk profile overall. Some variation across super output areas (an area where the risk is measured and rated) continues to reflect the level of risk and operational activity, but this is not significant enough to present any issues for the Fire Authority to consider at this time.
- 2.2 The risk areas are still rated within the original three agreed by the Fire Authority and utilise the terms:
  - Low;
  - Medium; and
  - High Risk
- 2.3 To determine these categories, the following datasets are used:
  - All incidents where injuries have occurred;
  - Incidents with a recorded fire death;
  - Special service calls involving any risk to life;
  - Fire in non-domestic property;
  - Dwelling fires;
  - Indices of multiple deprivation.



- 2.4 The methodology ensures consistency in the Service's approach and also utilises the process which was externally validated by Nottingham Trent University and accepted by the Fire Authority as part of the original Fire Cover Review 2010.
- 2.5 The FCR 2015 also included a review of the risk profile approach in 2.4 above to ensure this remained fit for purpose. As part of the 2015 review process the methodology is again being subject to external validation, with outcomes being reported to a later meeting of the Fire Authority.

## **ACTIVITY LEVELS**

- 2.6 The full operational activity levels for the Service are appended to this report and continue to show a five year range so that the Fire Authority can compare 2015 figures with the preceding four years.
- 2.7 The total number of incidents for 2015 was 9518 a marginal increase on the previous year from 9468, the first increase in comparison to the previous five years performance.
- 2.8 Of these 9518 incidents, false alarms were again over 4000; approximately 1500 were primary fires; just under 500 were road traffic collisions, secondary fires reduced to just under 1800, and almost 1600 that are classified as 'other calls'.
- 2.9 Dwelling fires specifically accounted for 638 of the total number of incidents, down from the 696 in 2014, unfortunately during 2015 these included five fire fatalities, three within the city and 2 within the county.
- 2.10 Co-responding or Emergency first responder schemes currently in a joint trial with East Midlands Ambulance Service has also seen an increase on the previous year (284) to 469 in 2015.
- 2.11 The station with the highest incident numbers was again Central, with just over 1500 incidents recorded, a slight decrease on the previous year, however, just under 900 of those incidents continue to be classified as false alarms.
- 2.12 Total mobilisations also increased to reflect the number of incidents from 13729 in 2014 to 13887 in 2015.
- 2.13 The significant majority of incidents (8784 of the total) continue to be dealt with by one (5318), two (2846) or three (620) appliances and the Service only deployed more than ten appliances on four occasions during 2015. This continues to demonstrate the Service retains capacity to respond effectively and the 2015 data accounts for the impact of previous fleet reductions.
- 2.14 Currently the single attendance measure for incidents, that being 90% of incidents will receive an attendance in ten minutes resulted in a performance for all incidents of 69% and for fires in dwellings was 74%, down from 81%.
- 2.15 The Operational Activity information and data presented will be uploaded to the Service's website in keeping with previous years so that it is publicly available and supports the Authority's proactive stance for transparency.

“The Operation Activity 2015: Incidents” document is available at the following link:

[http://www.notts-fire.gov.uk/Documents/Operational\\_Activity\\_2015\\_Incidents.pdf](http://www.notts-fire.gov.uk/Documents/Operational_Activity_2015_Incidents.pdf)

### **3. FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

This report does not propose any specific changes that directly involve human resources and learning and development implications, the information contained within it may influence future decisions.

### **5. EQUALITIES IMPLICATIONS**

An equality impact assessment is not required for this report as it only presents historical data. However, this data will be used in any subsequent changes to operational resourcing, and decisions will be subject to an equality impact assessment at that time.

### **6. CRIME AND DISORDER IMPLICATIONS**

Section 17 of the Crime and Disorder Act 1998 states that “it shall be the duty of each authority to which this section applies to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area”. This report does not contain any implications which would affect that duty.

### **7. LEGAL IMPLICATIONS**

- 7.1 Part 3, Section 21 of the Fire and Rescue Services Act 2004 requires the Secretary of State to prepare a National Framework. This document places a duty of Fire and Rescue Authorities to ‘produce a .... plan that identifies and assesses all foreseeable fire and rescue related risks that could affect its community’.
- 7.2 As part of the Integrated Risk Management Plan the Authority is required to continually update and review the operational demands and the risks being faced, publication of the operational activity demonstrates that Nottinghamshire Fire and Rescue Service ensures that the Fire Authority continues to meet such duties.

### **8. RISK MANAGEMENT IMPLICATIONS**

- 8.1 The updated risk profile and operational activity levels inform the Services wider risk management process, through the proactive monitoring and review of these aspects, the Authority is best placed to understand the impact on its service provision.

- 8.2 It also manages the expectation of communities for the transparency in the delivery of public services and assists the Fire Authority to maintain its well-regarded image.

## **9. RECOMMENDATIONS**

It is recommended that Members:

- 9.1 Note the operational activity levels for 2015.
- 9.2 Request that the Community Safety Committee review the data in the report and consider any potential implications or opportunities for the delivery of services.

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

None.

John Buckley  
**CHIEF FIRE OFFICER**

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# **SUSTAINABILITY STRATEGY FOR 2020**

Report of the Chief Fire Officer

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**Date:** 26 February 2016

**Purpose of Report:**

To present proposals, highlight strategies and seek approval for actions to ensure Nottinghamshire and City of Nottingham Fire and Rescue Authority is in the best position possible to meet the financial pressures within the anticipated constraints to 2020.

## **CONTACT OFFICER**

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## **1. BACKGROUND**

- 1.1 The Authority must consider the future financial pressures facing the Service and engage strategies to enable a balanced budget to be set in each financial year, as required by statute.
- 1.2 The indicative grant funding and estimated revenue available to be collected through council tax for the years 2016/17 to 2019/20 is likely to lead to shortfalls in the budget in the region of £4.5million if no adjustments to the establishment and service delivery are made. Government's prediction on spending power is making the assumption that local authorities will use the opportunity to raise revenue through increases in council tax during the term of this Government. Therefore, subject to local decision by the Authority, this deficit could be reduced to £2.5million if the current cap limit remains at 2%.
- 1.3 This report serves to outline the initial decisions that the Fire Authority may need to make in terms of addressing this financial shortfall, along with making recommendations regarding future strategies which should be considered in order to maintain an acceptable level of service delivery.

## **2. REPORT**

- 2.1 Since 2010 the budget requirement for NFRS has decreased from just over £48 million to the outline requirement predicted in 2019/20 of circa £43 million. This has been due to a number of cost reduction strategies which have been employed, including reducing the number of operational appliances, voluntary and compulsory redundancy processes, contract negotiations and Service restructures. With the expected budget available due to only reach £39 million in 2019/20 the Service will have to find another round of savings equivalent to around £4 million (subject to the approval of the proposed council tax increases elsewhere on this agenda) over the period to 2020.
- 2.2 Prudent levels of balances have been utilised to manage through the transition to date and it is proposed that this strategy continues. By planning early and looking at options during 2016/17, decisions made will have the opportunity to be fully implemented or have commenced by the time each subsequent budget has to be set.
- 2.3 The number of incidents attended during 2015 has remained under 10,000, and previous actions taken to reduce resources at Mansfield and Highfields stations has had no discernible impact on the community. This is in part due to a multi-faceted approach to reducing risk by effective use of community safety and protection strategies as well as operational response.
- 2.4 However, the ability to continue to reduce capacity is not unlimited and recommendations within this report will seek to guide the Fire Authority over how the budget requirements could be met, but also future strategies on utilising and deploying resources to maximise effectiveness and manage risk.

## OPERATIONAL SERVICE DELIVERY

- 2.5 Members will be aware that since 2010 the Service has reduced the number of front line appliances. This has not significantly affected the risk profile, however it does drive the need to ensure that the maximum number of resources are available at periods of highest demand.
- 2.6 Significant steps have been taken to increase retained fire fighter recruitment and retention, and this is having a positive impact on the availability of appliances. However, the issue remains that the predominant times that retained appliances are unavailable are during the hours of peak demand (15:00hrs – 21:00hrs) and the times of highest availability are during the night which is the period of lowest demand (00:00hrs to 08:00hrs).
- 2.7 Another factor to consider is that each front line appliance is of a similar type designed to tackle a whole range of incidents, but primarily crewed to respond to structural building fires. These fires, although critical in their nature, make up only a small percentage of the actual incidents attended (10%). Alternative technologies and delivery methods have been developed nationally that enable reduced crew numbers to deal with a large proportion of incidents in a safe and effective manner.
- 2.8 The Chief Fire Officer firmly believes that the most appropriate crewing numbers for appliances tackling structural building fires should remain at the traditional levels of 'five and four' and there is no desire to actively move away from this model with wholtime crews. However, current practice means that where a retained appliance has less than four crew members available it is unable to respond to any type of incident, regardless of proximity or scale, or in support of other appliances.
- 2.9 Each wholtime appliance is crewed continually, 24hrs a day, every day of the year. With reducing demand this has led to some of those appliances responding to less than an average of one call per week during the hours of low demand. With the increased availability of retained fire fighters at night it is possible to maintain the same level of resources available by flexibly crewing between wholtime and retained fire fighters dependant on the time of day.
- 2.10 The changes to the distribution of wholtime appliances since 2010 has increased the number of single-pump stations and decreased the number of two-pump stations. This has progressively skewed the numbers in the wholtime ridership and in effect created an over capacity due to the current calculations on which the collective agreement regarding crewing of appliances is based. Furthermore there is no flexibility to move away from a traditional 24hr crewing model.
- 2.11 There are many positive facets of the existing collective agreement that enable local control and flexibility for staff, and high levels of certainty and resilience in terms of appliance availability. It is clear that the agreement must be revised, however any changes must safeguard these important outcomes.
- 2.12 Current employment practices are based on the traditional wholtime or retained contracts with a permanent establishment maintained to deal with all

anticipated abstractions – eg: annual leave, training, sickness and staff turnover. This traditional model is rigid and provides little flexibility and a number of alternative methods through the provision of voluntary secondary contracts have been developed in other Services. These have proven to be very useful in coping with the continual transformation of services, and provided positive benefits for staff.

2.13 Removing surplus capacity within the current ridership and applying a flexible model of crewing with both wholetime and retained staff will create savings, some of which could be reinvested to support the availability of retained appliances through the provision of secondary contracts. This blended model has the ability to maintain the current fleet of appliances, increase availability of resources at times of highest demand and create savings.

2.14 Therefore, giving due consideration to operational activity and risk outcomes, the need to improve resilience and create savings, it is proposed that the Chief Fire Officer undertakes the following actions:

- Explores the use of alternative crewing models and emerging technologies to maximise the availability of appliances where crew numbers are less than four.
- Identify opportunities where a mixed crewing approach utilising retained fire fighters at periods of lowest demand could be implemented to maintain appliance availability and reduce costs.
- Enter into negotiations with workforce representatives to revise the current crewing collective agreement to release the surplus capacity within the ridership and create the opportunity to crew appliances for less than the full 24hr period.
- Consider the use of voluntary secondary contracts to provide support for retained appliances at periods of highest demand and ease the transformation of the service through the change process.

2.15 If approved, work in these areas will be undertaken during 2016 with timely reports back to the Authority for decision before any changes are made. Furthermore, there may be the requirement to enter into public consultation if there is a direct impact on any aspect of service delivery.

## **COLLABORATION**

2.16 On 26 January 2016 the Government articulated the next steps after considering the consultation responses to 'Enabling Closer Working Between the Emergency Services' and the full document is attached at Appendix A. In summary the Government intends to legislate to:

- Introduce a high level duty to collaborate on all three emergency service, to improve efficiency and effectiveness;
- Enable Police and Crime Commissioners (PCCs) to take on the functions of fire and rescue authorities (FRAs), where a local case is made;



- Where a PCC takes on the responsibilities of their local FRA. Further enabling him or her to create a single employer for police and fire personnel;
- In areas where a PCC has not become responsible for fire and rescue services, enabling them to have representation on their local FRA with voting rights, where the local FRA agrees; and
- Abolish the London Fire and Emergency Planning Authority and give the Mayor of London direct responsibility for the fire and rescue service in London.

2.17 This clear intention from Government will drive collaboration between the emergency services within the local area. There are no definitive timescales for when the legislation will be in place, however indications are that it will be before the end of the year.

2.18 There are also opportunities to build on collaborations with other local organisations and neighbouring fire and rescue services. Work is already taking place in some areas – eg: Control, Procurement, Finance Systems, Training and Pension Administration – however there is scope to do more.

2.19 Collaboration has the potential to deliver both efficiency and effectiveness, however there is also the potential for collaboration leading to compromises or challenges that are not favourable to the Authority. Notwithstanding that full engagement of the Authority will be required to deliver against the legislative requirements, caution must also be exercised to ensure the outcomes are appropriate for the community.

2.20 In this regard it is proposed that the Chief Fire Officer engages with partners to explore all opportunities that may exist for collaboration and provide informed reports to future meetings of the Authority when appropriate.

## **FURTHER OPTIONS**

2.21 In addition to the above proposals and recommendations, a number of other work streams will be looked at by Officers to establish what further savings can be achieved. These include sharing of specialist operational advice and provisions, reviewing the property strategy for rationalisation, re-build or disposal, and reviewing current contracts and arrangements for further efficiencies.

2.22 There is no doubt that given the reductions already made by the Service, the challenge to make further savings could appear daunting. However, the community is as safe from fire today as any other period in the history of Nottinghamshire Fire and Rescue Service. By taking a measured approach, over the period to 2020, the transition can be managed through with as minimal impact on staff and the community as is possible. The implementation can also be regularly and safely monitored.

### **3. FINANCIAL IMPLICATIONS**

The financial implications of this report are the need to find approximately £4million in further savings by the end of the 2020 financial year, and to develop a strategy to address potential reductions beyond this point

### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT**

- 4.1 There are significant human resources implications arising from this report from redundancy to contract negotiations with the representative bodies. The Service has a number of procedures in place which it has already used to good effect to minimise the impact upon staff. All of this will be managed by the internal human resources department to reduce any external costs.
- 4.2 In terms of learning and development implications, the Service will need to ensure its staff are appropriately trained and equipped with the requisite skills to perform their role.

### **5. EQUALITIES IMPLICATIONS**

There will be a likelihood of some equalities implications arising from such a period of change. These will be managed by the Service to ensure that no particular sector of the organisation or community is disadvantaged by any decisions made.

### **6. CRIME AND DISORDER IMPLICATIONS**

Fire and rescue authorities have a duty to exercise their functions in a way that prevents crime and disorder in their area.

### **7. LEGAL IMPLICATIONS**

The Fire Authority has to satisfy its legal obligations under various legislation, but primarily the Fire and Rescue Services Act 2004 and the Civil Contingencies Act 2004. Any proposals will be assessed to ensure the Fire Authority will not be in breach of these legal duties.

### **8. RISK MANAGEMENT IMPLICATIONS**

The primary risk to the Fire Authority arising from this report is one of finance and being able to balance a diminishing budget. The proposals and recommendations contained within this report are part of a short, medium and long term strategy that will keep the Service viable and continue to meet public expectations.

## **9. RECOMMENDATIONS**

It is recommended that the Fire Authority consider the contents of this report and ask the Chief Fire Officer to:

- 9.1 Explore the use of alternative crewing models and emerging technologies to maximise the availability of appliances where crew numbers are less than four.
- 9.2 Identify opportunities where a mixed crewing approach utilising retained fire fighters at periods of lowest demand could be implemented to maintain appliance availability and reduce costs.
- 9.3 Enter into negotiations with workforce representatives to revise the current crewing collective agreement to release the surplus capacity within the ridership and create the opportunity to crew appliances for less than the full 24hr period.
- 9.4 Explore the use of voluntary secondary contracts to provide support for retained appliances at periods of highest demand and ease the transformation of the service through the change process.
- 9.5 Engage with partners to explore all opportunities that may exist for collaboration.
- 9.6 Provide reports on the outcomes of recommendations 9.1 – 9.5 to future meetings of the Authority to inform the decision making process.

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

None.

John Buckley  
**CHIEF FIRE OFFICER**



HM Government

# Enabling Closer Working Between the Emergency Services

Summary of consultation responses and next steps

26 January 2016



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## Foreword

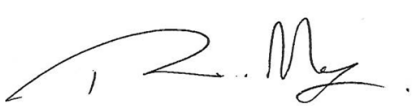
Emergency services play an essential part in serving our communities and keeping them safe. Whilst the police, fire and rescue and NHS ambulance services all have distinct frontline roles, it is clear that close collaboration between them can provide real benefits for the public and help each service better meet the demands and challenges they face.

The Government is committed to supporting collaborative and innovative blue light working and has invested over £80million in collaborative projects since 2013. However, while there are already a number of good examples of joint working across the emergency services locally, levels of collaboration are not as widespread as they could be. The Government's manifesto commitment was clear that we will "enable fire and police services to work more closely together and develop the role of our elected and accountable Police and Crime Commissioners" and on 11 September 2015 the Prime Minister announced a joint public consultation on a range of proposals about how to achieve these aims.

We have reviewed and analysed the responses to that consultation, of which we received over 300, and have summarised our findings and how we intend to proceed in this document. We would like to thank all those who gave their time to respond and contribute to the consultation process.

The Prime Minister's announcement on 5 January 2016 that responsibility for fire and rescue policy has transferred from the Department for Communities and Local Government to the Home Office again demonstrates the Government's commitment to closer collaboration between police and fire and rescue services. Bringing together responsibility for fire and police in the same Department will provide the same clear leadership in central Government that our proposals on emergency services collaboration seek to deliver locally. It provides an excellent opportunity for sharing good practice to drive reform and to deliver better outcomes for the public.

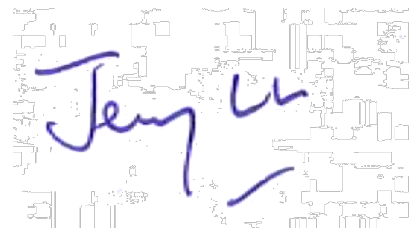
There are clear opportunities for collaboration to go further and faster. The Government intends to legislate to enable local communities to drive forward joint working in their area, improving the services delivered to the public as well as providing direct local accountability by enabling Police and Crime Commissioners to take on the functions of fire and rescue authorities.



**Rt Hon Theresa May MP**  
**Home Secretary**



**Rt Hon Greg Clark MP**  
**Secretary of State for**  
**Communities and**  
**Local Government**



**Rt Hon Jeremy Hunt MP**  
**Secretary of State for**  
**Health**

## Executive Summary

On 11 September 2015, the Government published a consultation paper<sup>1</sup> seeking views on a range of proposals to increase joint working between the emergency services. The consultation ran for six weeks, ending on 23 October 2015. A total of 318 full or partial responses were received from a range of organisations and interested individuals, using the online survey and via email and post, commenting on the 16 questions posed in the consultation paper.

Having carefully considered the consultation responses, the Government intends to legislate to:

- introduce a high level duty to collaborate on all three emergency services, to improve efficiency or effectiveness;
- enable Police and Crime Commissioners (PCCs) to take on the functions of fire and rescue authorities (FRAs), where a local case is made;
- where a PCC takes on the responsibilities of their local FRA, further enabling him or her to create a single employer for police and fire personnel;
- in areas where a PCC has not become responsible for fire and rescue services, enabling them to have representation on their local FRA with voting rights, where the local FRA agrees; and
- abolish the London Fire and Emergency Planning Authority and give the Mayor of London direct responsibility for the fire and rescue service in London.

These measures will apply to England only. Further details on these measures and how the consultation has informed them, are set out within this document.

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<sup>1</sup> Enabling Closer Working Between the Emergency Services (September 2015)



## Introduction

The Government is committed to increasing the level and ambition of joint working between the emergency services. Closer working can enable the emergency services to deliver more effective and efficient services for the public.

The Government has invested over £80 million since 2013 in local projects to increase blue-light collaboration. Where the emergency services collaborate, they have delivered efficiencies and service improvements.

However, the picture of collaboration around the country is still patchy and there is much more to do to ensure joint working is widespread and ambitious. The emergency services could achieve significant benefits from sharing premises, back offices, IT and procurement systems.

Strong leadership will be required to drive greater efficiencies and improved outcomes. That is why the Government committed in its manifesto to “enable fire and police services to work more closely together and develop the role of our elected and accountable Police and Crime Commissioners”. PCCs are directly elected, have clear local accountability and a strong incentive to pursue ambitious reform to improve local services and deliver value for money.

On 11 September 2015, the Government published a consultation paper setting out its proposals for improving collaboration between the emergency services and strengthening accountability, and seeking views on how those proposals could best be implemented.

The consultation ran for six weeks, ending on 23 October 2015. A total of 318 responses were received from national, local and regional organisations, police forces, police and crime commissioners, fire and rescue authorities, local councils, ambulance trusts, front line practitioners, associations and other interested groups and individuals.

The following pages summarise the views received and set out the Government’s response.

## A new duty on all three emergency services to collaborate with one another

Although collaboration between the emergency services occurs in many areas of the country, it is not as widespread or as wide-ranging as it could be in delivering efficiencies and better services for the public. The Government wants to make effective collaboration common practice. To provide a driver for this change, the Government set out in its consultation paper its intention to introduce a new statutory duty on the three emergency services to collaborate with one another to improve efficiency or effectiveness. The duty is intended to be broad to allow for local discretion in how it is implemented so that the emergency services themselves can decide how best to collaborate for the benefit of their communities. However, there would be a clear duty on local emergency services to consider opportunities for collaboration and implement those which would improve the efficiency or effectiveness<sup>2</sup> of all parties involved.

To inform this policy, the Government asked the following question in the consultation paper:

**Question 1 - How do you think this new duty would help drive collaboration between the emergency services?**

There was significant support for the new duty. Respondents thought it would help to drive efficiencies and savings, help the emergency services to share assets and reduce duplication. Whilst recognising existing collaboration, a number of responders felt that the new duty would help overcome local difficulties, remove barriers and raise the profile of collaboration, and that by doing so, it would strengthen and extend current collaborative activity.

Some responses suggested that the new duty was unnecessary in light of existing collaboration. There were also some views that collaboration should remain a matter for local decision.

Balanced against that, there were also views that the proposed duty should go further. Suggestions included extending the duty to other parties, such as local authorities, in order that they also play a role in driving collaboration and clarifying how compliance with the duty would be monitored.

Given the benefits from supporting, and extending further, existing collaboration, the Government has concluded that a statutory duty for the emergency services to collaborate should be introduced. We recognise that collaboration is well developed in some areas of the country, but it is our expectation that more can be done and a legislative duty will help drive this. We expect collaboration opportunities could include those identified in the Emergency Services Collaboration Working Group overview report<sup>3</sup>, including shared services such as procurement, vehicle maintenance and new stations.

The Government believes that the duty should be high level rather than overly prescriptive. The emphasis should be on local areas identifying collaboration opportunities which benefit their communities and then working together to implement the plans successfully.

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<sup>2</sup> The consultation paper referred to a duty to collaborate to improve efficiency and effectiveness. This should have read efficiency or effectiveness, to be consistent with the separate duty to collaborate on PCCs and Chief Constables, which was used as a model for the new duty on emergency services. We do not consider that this had a material effect on the consultation and have corrected it in this document.

<sup>3</sup> National overview of collaboration (2014)

While the statutory duty will only apply to the emergency services, where appropriate, the Government would also encourage wider involvement in collaboration by other bodies such as local government, health bodies or the voluntary sector.

**The Government intends to legislate to:**

**Place a statutory duty on all three emergency services to collaborate with one another to improve efficiency or effectiveness for all parties. The duty will not prevent other parties, such as local authorities and the voluntary sector, from being part of a collaborative activity, albeit that the duty itself will not extend beyond the emergency services. The Government will ensure the duty is broad to allow local discretion over how it is best implemented for the benefit of local communities.**

## **Strengthening accountability and governance**

PCCs have brought clear local accountability to policing and a strong incentive to reform local services and deliver value for money in the interests of local people. The Government set out in its consultation the opportunity to enable the extension of the sharp focus of directly accountable leadership that PCCs bring. Collaboration and innovation that delivers efficiency and effectiveness across the emergency services requires strong local leadership.

The 2013 review of the fire and rescue service, 'Facing the Future', by Sir Ken Knight<sup>4</sup> concluded that PCCs "could clarify accountability arrangements and ensure more direct visibility to the electorate" and he raised the prospect of PCCs taking on responsibility for the fire and rescue service. The Home Affairs Select Committee also concluded in their 2014 report 'Police and Crime Commissioners: progress to date'<sup>5</sup> that PCCs had provided greater clarity of leadership for policing in their area and were increasingly being recognised by the public for the strategic direction they are providing.

The Government set out in its consultation that it intends to legislate to enable PCCs to take on responsibility for the fire and rescue service(s) in their area, where it is in the interests of economy, efficiency and effectiveness or public safety, and where a local case is made. Having the process driven by local leaders and requiring a local business case and local consultation is in keeping with the Government's broader approach to devolving powers and will ensure that communities have a real say in the way emergency services are delivered in their area.

In the consultation paper, the Government set out a proposed process for determining whether a PCC should take on responsibility for fire and rescue, and asked the following question:

**Question 2 - Do you agree that the process set out above would provide an appropriate basis to determine whether a Police and Crime Commissioner should take on responsibility for fire and rescue services?**

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<sup>4</sup> Facing the Future by Sir Ken Knight, 2013

<sup>5</sup> Police and Crime Commissioners: Progress to date (2014)

The proposal that the process should be enabling, with local areas coming forward with plans, received good support on the basis that it would appropriately reflect varying local circumstances. Alongside that, there was a broad spectrum of views, with some respondents questioning whether PCCs had the necessary knowledge and expertise in fire and rescue matters to take on the extended role.

Amongst those who supported the process, there was agreement that there should be a duty on authorities to provide a PCC with all necessary information to help prepare a local business case. Some respondents suggested that there should be a requirement for a PCC to consult both the fire and rescue authority and local authorities within the area, in addition to the local community.

In instances where there was not local agreement amongst all parties to a PCC taking on responsibility for the local fire service, some respondents did not support the proposal that a Secretary of State should take the final decision. There was some concern that the process would enable a PCC to overrule local opposition, and there were questions around whether PCCs would have a mandate to run fire and rescue services in such circumstances.

Having considered the responses carefully, the Government has concluded that an approach of enabling a local case to be made for the transfer of fire and rescue to a PCC strikes the right balance between the alternative approaches of mandating change or inaction. We will require fire and rescue authorities to inform any business case the PCC develops and require the PCC to consult locally on the merits of that business case. We would expect that consultation to include relevant representative bodies.

Where a PCC and all the relevant authorities for the area are in agreement that fire and rescue should transfer to the PCC, and following the local consultation, the PCC will request that the Government introduces secondary legislation to give effect to the transfer. Where all parties are not in agreement, the PCC would still be able to submit the business case to the Secretary of State to consider whether the transfer was in the interests of economy, efficiency and effectiveness or public safety. To inform their view, the Secretary of State would seek an independent assessment and would take account of the local consultation before any decision to proceed. This process of Ministerial decision informed by an independent assessment is in line with the existing process for determining changes to fire and rescue service boundaries, and the Government believes it is appropriate for this process too. Any secondary legislation to transfer fire and rescue responsibilities to a PCC will of course be subject to Parliamentary scrutiny.

**The Government intends to legislate to:**

**Enable PCCs to take on the responsibilities of the fire and rescue service(s) in their area, where it is in the interests of economy, efficiency and effectiveness or public safety, and where a local case is made.**

**Provide a process for determining whether a PCC should assume governance for fire and rescue services as broadly set out in the consultation paper. The process should also include:**

- **A requirement that fire and rescue authorities provide PCCs with all necessary information to help prepare the business case.**
- **Where all parties are not agreed that fire and rescue should transfer to a PCC, it would be for the Secretary of State to consider the local business case and decide whether the governance change would be in the interests of economy, efficiency and effectiveness or public safety. To inform that view, they would take into account the outcome of the local consultation and they would seek an independent assessment of the local business case before any decision to proceed.**
- **Implementation in each area would be via secondary legislation which would be subject to Parliamentary scrutiny.**

## **Empowering Police and Crime Commissioners to maximise opportunities for efficient, effective services**

Enabling PCCs to take on governance of fire and rescue services would allow them to make valuable reforms and improve joint working with the police service. However, as set out in the consultation, greater gains could be made through the integration of back office functions such as estates, HR and IT which support the two services. To facilitate this, the Government set out in its consultation its intention to enable PCCs, where a local case is made, to put in place a single employer for local fire and policing (rather than two separate employers under the governance model), with the PCC ultimately accountable to the public for both services. This would remove the barriers that can prevent the full potential of fire and police collaboration, including the need to draw up contracts and collaboration agreements to share back office services and streamline upper tiers of management. We were clear that the important distinction between operational policing and firefighting would be maintained. There is no intention to give firefighters the power of arrest or other core powers of a constable and the law preventing a full-time police officer from being a firefighter will remain in place.

In the consultation paper, the Government proposed applying the same process for creating a single employer as for transferring governance, and sought views on the benefits whilst retaining separate frontline services. The following questions were asked:

**Question 3 - Do you agree that the case for putting in place a single employer should be assessed using the same process as for a transfer of governance?**

**Question 4 - What benefits do you think could be achieved from empowering Police and Crime Commissioners to create a single employer for police and fire and rescue personnel, whilst retaining separate frontline services, where a local case has been made to do so?**

There was a broad range of views in answer to these questions, although generally they were supportive. Where responses were supportive of the principle of enabling a single employer to be established they were predominantly also supportive of the same process being used to make the decision as for a PCC taking on governance. Many responses agreed with the emphasis resting with proposals being developed locally. Some concerns were raised around the implications for the public perception of the fire service, and it was also noted that the single employer model would not necessarily guarantee that efficiencies would be secured.

The benefits identified by respondents included savings from more co-location, shared back office services and joint procurement, cross-service training programmes, streamlined management structures and simplified leadership arrangements. Some also noted that there would be a variation in benefits depending upon local circumstances.

Another comment was about the need to ensure sufficient capacity for Gold, Silver and Bronze commands if senior management numbers were reduced. Some responses highlighted the challenges of bringing two workforces closer together – for example, complex industrial relations and the alignment of terms and conditions of personnel. One possible example of this may be, as set out in further detail later on in this document under the “complaints” heading, the implications of the Government’s decision, having considered consultation responses, to bring together complaints and conduct procedures for personnel from both services under the single employer model. The principles of the Cabinet Office Code of Practice will be applied to personnel transfers taking these considerations into account.

The Government has concluded that the proposed process for transferring governance of fire and rescue to a PCC is appropriate to enable a single employer for police and fire to be established. Ultimately local considerations will determine whether a PCC seeks to take this extra step, either at the same time or subsequently to seeking a transfer of governance.

Some respondents also reasonably made the connection with a parallel consultation on proposals to reform the Powers of Police Staff and Volunteers<sup>6</sup>. Those proposals are relevant to the proposals discussed here to enable PCCs to take on responsibility for their local fire and rescue service and to put in place a single employer. Under the single employer model a chief officer would employ both police and fire and rescue personnel.

The Government has considered the interrelationship between the issues discussed in both consultations. In line with the police powers proposals, the Government intends to legislate so that the chief officer (under a single employer model) would be able to decide locally whether to designate certain police powers to their fire personnel as well as to their police personnel. Crucially, this would not include any of the core powers that only police officers can hold. As set out in the consultation paper, the current law that prevents a full-time police officer from being a firefighter will remain in place. Similarly, there is no intention to give firefighters the power of arrest. Currently, under the Community Safety Accreditation Scheme (CSAS), fire personnel can already be accredited with powers by a chief constable, including powers to issue penalty notices. This proposal would just be the extension of this and would allow chief officers to fully utilise all their personnel. The important distinction between frontline services and the powers of a police officer and a firefighter would be maintained.

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<sup>6</sup> Reforming the Powers of Police Staff and Volunteers, 2015

**The Government intends to legislate to:**

**Enable a PCC to put in place a single employer for local fire and policing (rather than two separate employers under the governance model) under his or her governance.**

**Provide that the case for putting in place a single employer is assessed using the same process as for a transfer of governance.**

**Enable any changes to the designation of powers to police personnel and volunteers to be applied locally to fire personnel, under the single employer model.**

## **Chief Officer Role**

The Government set out in its consultation paper that the single employer model would be based on a chief officer, who would employ all fire and police personnel.

The chief officer would need to hold the rank of chief constable as this is required in legislation for police forces. This would not be an additional post, rather that the post of chief constable would become known as the “chief officer” to reflect its wider role. The Government consulted on the basis that it would be appropriate for the chief officer position to be open to applications from both senior police officers and fire officers, since they would both have relevant experience. To enable this, the Government intends to remove the requirement for senior fire officers applying for chief constable roles in the single employer model to previously have been a constable, and simultaneously ensure senior fire officers have access to the necessary training that would qualify them to apply for chief officer posts.

To inform the development of this proposal, the consultation paper asked

**Question 5 - Do you agree that the requirement for a chief officer to have previously held the office of constable should be removed for senior fire officers?**

There were a range of views in response to this question. Some agreed that it was appropriate to broaden the field of those who could apply for the chief officer post so that applications could be from either the fire and rescue service or the police. They pointed to the need to have the best candidates and that the largely strategic management role did not require direct policing experience. Where respondents were less convinced of the approach they raised points around the need for operational skills and experience in either service.

The Government has decided to proceed on the basis of changing the law to enable applications from either the police or fire and rescue service for the chief officer role in the single employer model. This will allow career pathways for both police and fire that extend right the way through the organisation. The Government recognises the importance of relevant skills and experience for any applicant to the post. That is why applicants from either service will need to meet the standards set by the College of Policing. For example, applicants would need to have satisfactorily completed the Senior Police National Assessment Centre and the Strategic Command Course, which currently prepares police officers and personnel for promotion to the most senior ranks in the service. Ultimately, it will fall to the PCC to make the appointment of who holds the post of chief officer based on their judgement of the best candidate for the job.

**The Government intends to:**

**Enable the post of chief officer to be open to applications from senior fire officers with relevant experience and who meet standards set by the College of Policing.**

**Remove the requirement in legislation for senior fire officers applying for chief constable posts to have previously been a constable.**

**Work closely with the College of Policing, National Police Chiefs' Council and the fire sector to develop career pathways between policing and fire, and ensure senior fire officers have access to relevant policing qualifications.**

## Improving performance

Where a PCC takes on responsibility for their local fire and rescue service, the PCC will need informed and independent information on the operational performance of the fire and rescue service. The consultation paper included the following question to seek views on how the performance of fire and rescue services should be reviewed and supported under PCCs:

**Question 6 - How do you think the requirement for a Police and Crime Commissioner to have access to an informed, independent assessment of the operational performance of the fire service should best be met?**

The responses to this question were mixed but two main themes emerged. First, the widespread view of respondents was in support of either expanding the role of HM Inspectorate of Constabulary (HMIC) or setting up a separate inspectorate for fire and rescue, to provide objective assessments of efficiency and effectiveness of fire and rescue services. In support of HMIC, it was felt this would provide a common methodology and approach to inspection across both services. Second, some respondents suggested that the existing peer review system was sufficient, whilst others felt that improvements could be made to it, such as by making it compulsory and by enabling better comparisons to be made on the performance of different fire authorities.

Having considered the consultation responses, the Government is clear that there must be appropriate arrangements in place to ensure PCCs have access to reliable independent assessments of local fire and rescue service performance, where they have taken on responsibility for it. However, the consultation received a range of views on how this might best be achieved. The Government will consider the options further before deciding how to proceed.

## Scrutiny

In respect of their police and crime responsibilities, PCCs have well-established scrutiny mechanisms, based on the powers and functions of dedicated Police and Crime Panels, external audit, and transparency requirements. The Government believes that where a PCC takes on responsibility for fire and rescue, the remit of the relevant Police and Crime Panel should be expanded to include scrutiny of the PCC's fire responsibilities. This approach would support the public in holding the PCC to account for all elements of their role.



The consultation paper, therefore, posed the following questions:

**Question 7 - Do you agree that where a Police and Crime Commissioner takes responsibility for a fire and rescue service, the Police and Crime Panel should have its remit extended to scrutinise decision making in relation to fire services?**

**Question 8 - Do you think that where a Police and Crime Commissioner takes responsibility for a fire and rescue service, the Police and Crime Panel should have its membership refreshed to include experts in fire and rescue matters?**

Responses were supportive of extending the remit of Police and Crime Panels. Respondents pointed to the need for equal scrutiny and transparency across both services, and the importance of ensuring individuals have sufficient expertise. Some respondents commented that this would support the findings of the Knight review that fire and rescue services should develop a consistent approach to scrutiny. Other responses suggested having an alternative panel dedicated to fire and rescue.

Some responses to question 8 agreed that the Police and Crime Panel should have its membership refreshed to include fire expertise. Those opposed to this approach did so in the belief that the existing Police and Crime Panel model does not require local representatives to have any expertise in policing. However, under the law currently, when forming a Police and Crime Panel local authorities must meet certain “balanced appointment objectives”. These are set down in the Police Reform and Social Responsibility Act 2011. Paragraph 31(5)(c) of that Act makes clear that a Panel must, when taken together, have the “skills, knowledge and experience necessary for the Police and Crime Panel to discharge its functions effectively”. This clause ensures that each Panel has appropriate expertise in the field of policing.

The Government has concluded that the remit of the Police and Crime Panel should be extended to include fire and rescue where the responsibilities of the PCC are expanded. The Government will retain the “balanced appointment objectives”. Local authorities will be bound to review and reconstitute the membership of panels, as may be appropriate. This will ensure that Panels have the right skills, knowledge and experience to scrutinise matters relating to fire and rescue as well as crime and policing.

**The Government intends to legislate to:**

**Extend the remit of Police and Crime Panels so that a PCC’s fire responsibilities are scrutinised by the Panel alongside a PCC’s police responsibilities, where the PCC’s role is extended.**

## Complaints

Where a PCC takes on responsibility for fire and rescue services, it will be necessary to look at how complaints against fire officers and personnel should be handled. At present, the majority of complaints and conduct matters against fire officers and personnel are currently handled internally by the fire and rescue services themselves. The public has recourse to the Local Government Ombudsman in certain cases of maladministration. The Health and Safety Executive may also investigate in certain situations.

Where a PCC takes over governance of fire and rescue, but continues to employ fire service personnel separately from police, the Government believes that the complaints system should also remain separate.

Where a PCC puts in place a single employer for fire and rescue and police services, the Government sought views on whether complaints and conduct matters concerning fire and rescue personnel should be treated in a similar way as complaints and conduct matters concerning the police.

**Question 9 - Do you think that where a Police and Crime Commissioner puts in place a single employer for fire and rescue and police services personnel, complaints and conduct matters concerning fire should be treated in the same way as complaints and conduct matters concerning the police?**

Many respondents noted the wider reforms to the police complaints system that are already underway. There were a range of views in response to the question. Some respondents saw benefit in having a single, consistent complaints system across both services. Other respondents questioned whether the police complaints system was appropriate for fire and rescue services, who do not have the same extensive powers as the police.

The Government has concluded that where a PCC establishes a single employer for both police and fire, it is appropriate for complaints, conduct and deaths and serious injury matters to be treated on a consistent basis under the Police Reform Act 2002. Where a matter relating to the fire service meets the mandatory referral criteria, it will be referred to the Independent Police Complaints Commission. Otherwise it will be handled locally under the reformed police complaints and discipline systems. Under a single employer model, personnel may be performing dual functions. It would be confusing for personnel and for the public to be subject to different complaints systems depending on the nature of the incident.

**The Government intends to:**

**Ensure that where a single employer model is put in place, complaints, conduct and death and serious injury matters for fire and rescue personnel and police personnel will be handled in the same way. For other governance models, the system for complaints and conduct matters for fire and rescue personnel will remain separate and unchanged.**

## Enhancing collaboration between police and fire and rescue

In areas where fire and rescue services remain the responsibility of a fire and rescue authority, the Government consulted on the basis that it will still be beneficial to ensure that PCCs and fire and rescue authorities have meaningful opportunities to drive effective collaboration between fire and police services. To enable this, the Government consultation set out that, where a PCC has not become responsible for the fire and rescue service(s) in their local area, they should nevertheless have the opportunity to be represented on the fire and rescue authority or its committees with voting rights.

The consultation paper noted that this would be feasible for 'standalone' fire and rescue authorities but would be more complex in areas where a county council has responsibility for a fire and rescue service, and might not have a dedicated sub-committee for fire. In such cases, any voting rights extended to PCCs would need to be restricted only to matters affecting the fire and rescue service. It would also be important to consider how adding PCCs to the membership of fire and rescue authorities might affect the political balance of those bodies.

The consultation included the following question:

**Question 10 - Do you agree that Police and Crime Commissioners should be represented on fire and rescue authorities in areas where wider governance changes do not take place?**

Respondents felt the benefits of this approach included the ability for PCCs to identify areas for potential collaboration, particularly around community safety and public engagement, to develop a greater understanding of current issues and to broaden accountability. Some respondents expressed misgivings around the electoral mandate of PCCs in respect of fire matters. There were also concerns around how the political balance of fire and rescue authorities could be maintained where the PCC is able to vote.

The Government recognises these concerns and, to address them, will require PCCs to state clearly their reasons for wishing to join the FRA, and the FRA itself will decide whether to agree to their request. Furthermore, FRAs will have the ability to change their membership in order maintain political balance where a PCC is appointed.

The Government has concluded that, consistent with the overall approach of enabling closer collaboration between the emergency services, there would be real value in PCCs having representation on local fire and rescue authorities where there are no wider governance changes. This would give PCCs and fire and rescue authorities an ongoing opportunity to overcome any local barriers to collaboration and drive greater joint working between fire and police services.

**The Government intends to legislate to:**

**Enable a PCC to have representation on their local fire and rescue authority or its committees, with voting rights, in areas where fire and rescue services remain the responsibility of fire and rescue authorities. This will be subject to PCCs making clear their reasons for seeking membership and FRAs agreeing to their request**

## London Fire and Emergency Planning Authority

The consultation paper set out how abolishing the London Fire and Emergency Planning Authority (LFEPA) would strengthen democratic accountability by removing the current confusion whereby the Mayor is accountable for setting the annual budget for fire but is in a minority position on LFEPA in respect of decisions relating to fire. The consultation paper explained that there are currently too many instances of the Mayor having to use his powers to direct LFEPA on the exercise of its functions.

The consultation paper sought views on abolishing LFEPA, enabling the Mayor of London to take direct responsibility for fire and rescue, and how fire and rescue responsibilities could be incorporated into the mayoral structure.

**Question 11 - Do you agree that the London Fire and Emergency Planning Authority should be abolished and direct responsibility for fire and rescue transferred to the Mayor of London?**

**Question 12 - In the event that the London Fire and Emergency Planning Authority is abolished, how should responsibility for fire and rescue be incorporated into the mayoral structure?**

The Mayor of London, the London Councils, the Labour Group at the London Assembly and LFEPA itself all supported the abolition of LFEPA and the transfer of fire and rescue responsibilities to the Mayor. They also all agreed that fire functions should be incorporated within existing Greater London Authority (GLA) structures. This would include creating a deputy mayor for fire.

The Mayor of London made specific proposals for the creation of the “London Fire Commissioner” as a legal body in its own right and tasked with running the London Fire Brigade on a day to day basis; with the Mayor responsible for setting budgets and strategic direction.

Furthermore, the Mayor proposed that the London Assembly should provide scrutiny and oversight of the work of the Mayor, Deputy Mayor and London Fire Brigade through a new, and statutory, Fire and Emergency Planning Committee.

The Government agrees with the Mayor’s proposals and will legislate accordingly. In addition, the Mayor’s office has confirmed that they intend for the LFB to continue to deliver the Mayor’s responsibilities for resilience on the Mayor’s behalf, and the London Local Resilience Forum agrees that the role of the LFB in managing the work of the London Resilience Team on behalf of the forum should continue. London Councils and London’s local authorities have confirmed that the pan-London emergency planning function delivered by the LFB’s emergency planning team should continue. Government will continue to discuss with London Local Resilience Forum members the opportunities to strengthen coordination of London’s resilience activities.

**The Government intends to legislate to:**

**Abolish LFEPA and incorporate fire responsibilities within existing Greater London Authority structures. This would include creating a deputy mayor for fire, creating a statutory “London Fire Commissioner” and a new Committee of the London Assembly which will provide scrutiny and oversight.**

## Local resilience/Civil contingencies

Police forces and fire and rescue services have duties under the Civil Contingencies Act 2004, both as individual emergency responders and as members of local resilience forums. The consultation paper sought views on the implications for local resilience where a PCC is responsible for both police and fire.

**(preparedness, response and recovery) in areas where the Police and Crime Commissioner will have responsibility for police and fire?**

**Question 14 - To what extent do you think there are implications for resilience responsibilities in areas where an elected metro mayor is also the Police and Crime Commissioner and responsible for the fire and rescue service?**

themes emerged. Many respondents highlighted the existing duty to collaborate under the Civil Contingencies Act and that established and effective collaborative arrangements for resilience are facilitated at the local level through local resilience forums. Some respondents asked for clarity about the transfer of fire and rescue authority duties, including those under the Civil Contingencies Act and regulations on the Control of Major Accident Hazards (COMAH)<sup>7</sup>, to a PCC or elected mayor.

Respondents to question 13 felt that if a PCC was responsible for police and fire the positive outcomes for resilience would include greater collaboration, increased strategic oversight and reduced duplication. Some respondents raised concerns about clarity of command responsibilities under a single leadership model and the potential for a PCC to politically influence the local resilience forums.

Respondents to question 14 considered the benefits of greater collaboration to be achieved where a metro mayor has responsibility for both services. The case for positive impacts included improved operational effectiveness, simplified decision making and greater accountability. However, some respondents were concerned about political influence on the local resilience forums and conflict of interest given a Mayor's wider remit and responsibilities.

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<sup>7</sup> <http://www.hse.gov.uk/comah>

The Government welcomes the responses about the implications for local resilience. It notes the comments about how the changes could enhance collaboration and the need to build on existing practice to further improve local preparedness and response. Where a PCC or elected mayor takes on responsibility for fire, all fire and rescue authority duties, including those under the Civil Contingencies Act and COMAH (Control of Major Accident Hazards) regulations, would transfer to the PCC or elected mayor.

The Government encourages local resilience forums to consider how local changes in police and fire governance, where PCCs or metro mayors take on responsibility for fire and rescue functions, can enhance local resilience arrangements. The early progress made in areas like Greater Manchester where, after the elections scheduled for 2017, the elected mayor will hold the functions of PCC and be responsible for fire and rescue, will provide opportunities to share emerging lessons.

## Other views or comments

**Question 15 - Are there any other views or comments that you would like to add in relation to emergency services collaboration that were not covered by the other questions in this consultation?**

A range of views were expressed in response to this question. By far the most commonly stated view was the need for ambulance services to engage more with the police and fire and rescue services. In response to this, the Government is of the view that the duty to collaborate will drive greater collaboration between all emergency services, including the ambulance service. The consultation also proposed that NHS foundation trusts should consider how best to engage with PCCs. In addition, the ambulance service is a key component of the working group on emergency services collaboration and through this group the sector will be able to develop further proposals.

The consultation also asked the following question on equalities:

**Question 16 - Do you think these proposals would have any effect on equalities issues?**

Positive impacts identified in responses to this question included enabling harmonisation of equality plans, policies and processes. Other responses suggested that the proposals could mean reduced community engagement between fire and rescue services and vulnerable people, and the risk of disproportionate impact on women and minority groups from any consolidation in roles of police and fire personnel that may be pursued locally.

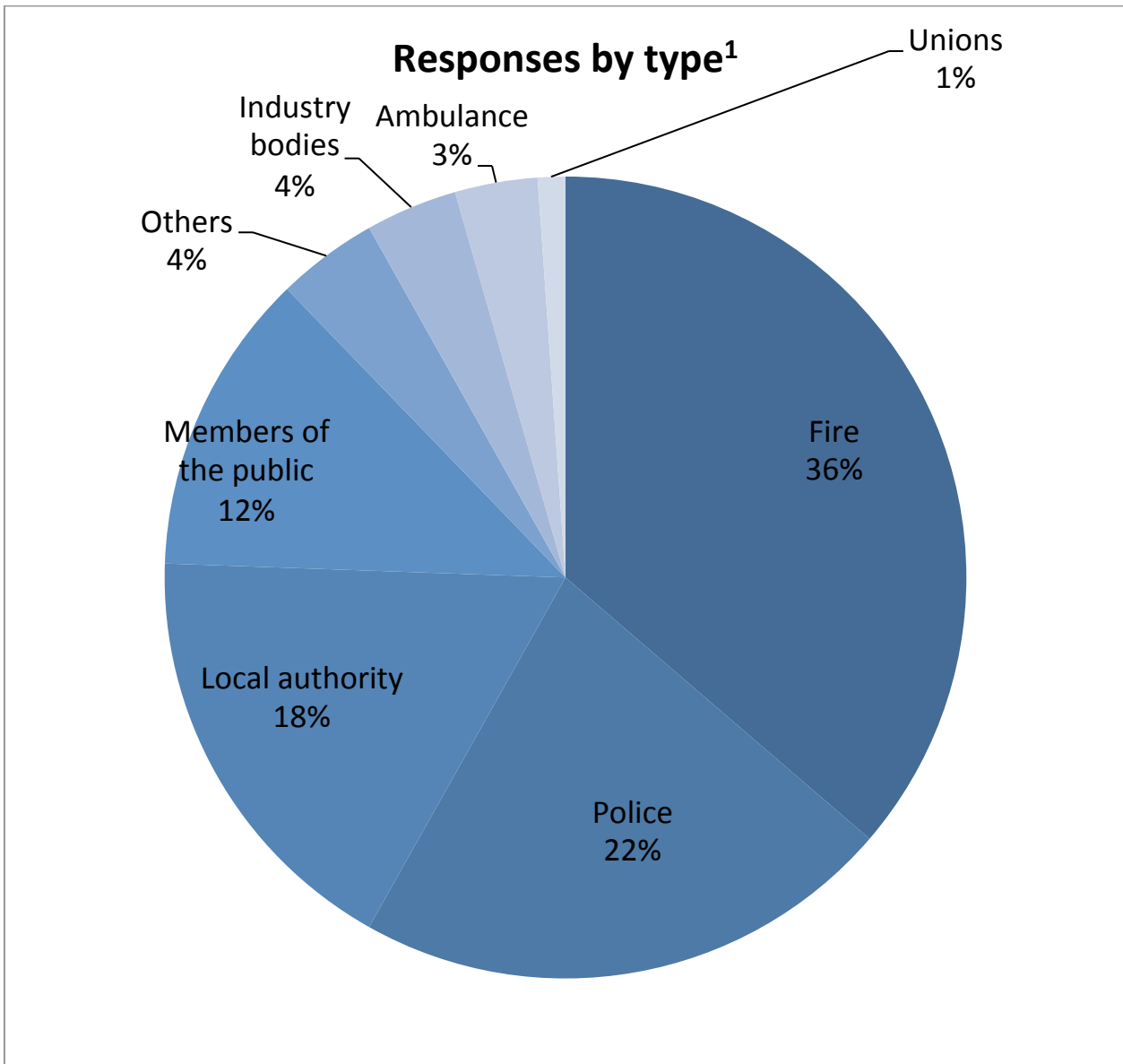
The Government's position is that the proposals consulted upon are enabling, meaning that the details will be developed at a local level. PCCs and fire and rescue authorities are also subject to the Equality Act 2010 and the obligations under that Act will apply to them in relation to specific proposals being developed for their local area.

The Equality Act 2010 introduced an Equality Duty on public bodies and others carrying out public functions. The duty requires public bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

# Statistical Summary of Responses

A total of 318 full or partial responses were received and analysed. The largest group responding to the consultation were representatives from the fire and rescue service, who contributed over a third of responses, followed by representatives from the police (including PCCs and members of Police and Crime Panels) who contributed over a fifth of all responses. Responses classified in the 'other' group included academic institutions, charities and private companies.



<sup>1</sup> Includes online and individual responses sent via email/post. Those respondents who did not state an organisation have been excluded from these figures, although they have been included in the analysis of responses.



# List of Organisations Responding

Organisations which responded to the consultation included:

ADS Group Limited  
Asian Fire Service Association  
Association of Ambulance Chief Executives  
Association of Police and Crime Commissioners  
Association of Policing and Crime Chief Executives  
Association of Principal Fire Officers  
Avon and Somerset Constabulary  
Avon and Somerset Police and Crime Commissioner  
Avon Fire and Rescue Authority  
Barnsley Council  
Bedfordshire Fire and Rescue Service  
Bedfordshire Police  
Bedfordshire Police and Crime Commissioner  
Bedfordshire Fire and Rescue Authority  
Bentley Parish Council  
Billingshurst Parish Council  
Birmingham City Council, Resilience Team  
Borough of Poole  
Bristol City Council  
British Heart Foundation  
Buckinghamshire and Milton Keynes Fire Authority  
Cambridgeshire Constabulary  
Cambridgeshire Fire and Rescue Authority  
Cheshire Fire Authority  
Cheshire Police and Crime Commissioner  
Chief Fire Officers Association  
Chief Police Officers Staff Association  
City of London Corporation and the City of London Police  
Cleveland Fire and Rescue Authority  
Colchester Borough Council  
College of Paramedics  
College of Policing  
Cornwall Council  
County Durham and Darlington Fire and Rescue Authority  
Cumbria Constabulary  
Cumbria Police and Crime Commissioner  
Derbyshire Constabulary  
Derbyshire Fire and Rescue Authority  
Derbyshire Police and Crime Commissioner  
Devon and Cornwall Police of behalf of LRF chairs within the South West Region  
Devon and Somerset Fire and Rescue Authority

Devon, Cornwall and the Isles of Scilly, Office of the Police and Crime Commissioner  
Dorchester Council  
Dorset Fire Authority  
Dorset Office of the Police and Crime Commissioner  
Durham Police and Crime Commissioner  
Durham Resilience Forum  
East Midlands Ambulance Service NHS Trust  
East of England Ambulance Service NHS Trust  
East Sussex Fire and Rescue Authority  
Edge Hill University  
Emergency Planning Society, West Midlands Branch  
Enfield Community Safety  
Essex Fire and Rescue Authority  
Essex Police Force  
Fareham Borough Council  
Fire Brigades Union  
Fire Officers Association  
Fire Sector Federation  
Five Tees Valley Authorities  
Gateshead Council  
Gloucestershire Constabulary  
Gloucestershire Fire and Rescue Authority  
Greater London Authority  
Greater Manchester Combined Authority  
Hampshire and the Isle of Wight Local Resilience Forum  
Hampshire and the Isle of Wight Office of the Police and Crime Commissioner  
Hampshire Constabulary  
Hampshire Fire and Rescue Authority  
Hartlepool Borough Council  
Health and Safety Executive  
Hereford and Worcestershire Fire and Rescue Authority  
Hertfordshire Constabulary  
Hertfordshire County Council (FRA)  
Hertfordshire Local Resilience Forum  
Hertfordshire Police and Crime Commissioner  
Humber Local Resilience Forum  
Humberside Fire and Rescue Authority  
Humberside Police and Crime Commissioner  
Inclusion London  
Independent Police Complaints Commission  
Institute of Community Safety  
Isle of Scilly Council  
Isle of Wight Fire and Rescue Authority  
Keele University  
Kent and Medway Fire and Rescue Authority  
Kent County Council  
Kent Police

Kent Police and Crime Commissioner  
Kingston Borough Council  
Lancashire Combined Authority  
Lancashire County Council  
Lancashire Police  
Lancashire Police and Crime Commissioner  
Lancashire Resilience Forum  
Leicestershire Fire and Rescue Authority  
Lincolnshire Community Safety Partnership  
Lincolnshire County Council  
Lincolnshire Police and Crime Commissioner  
Local Government Association  
London Ambulance Service NHS Trust  
London Assembly  
London Councils  
London Borough of Ealing  
London Fire Brigade  
London Resilience Forum  
Lowland Rescue  
Merseyside Fire and Rescue Authority  
Merseyside Police and Crime Commissioner  
Merseyside Police and Crime Panel  
Metropolitan Police Service  
National Police Chiefs' Council  
National Trust  
New Forest District Council  
Norfolk Constabulary  
Norfolk Fire and Rescue Authority  
Norfolk Police and Crime Commissioner  
North East Ambulance Service NHS Foundation Trust  
North Yorkshire County Council  
North Yorkshire Fire Authority  
North Yorkshire Police and Crime Commissioner  
Northamptonshire Fire and Rescue Authority  
Northamptonshire Fire and Rescue Service  
Northumberland County Council  
Northumbria Police  
Northumbria Police and Crime Commissioner  
Nottingham Trent University  
Nottinghamshire Fire and Rescue Authority  
Nottinghamshire Fire and Rescue Service  
Nottinghamshire Police  
Osman Consulting Ltd  
Oxfordshire County Council (as FRA)  
Police and Crime Commissioners Treasurer's Society  
Police Federation  
Police Superintendents Association

Reading Borough Council  
Retained Firefighters Union  
Royal Berkshire Fire and Rescue Authority  
Royal College of Emergency Medicine  
Royal College of Nursing  
Safer Stronger Doncaster Partnership  
Salisbury City Council  
Shadow Dorset and Wiltshire Fire and Rescue Authority  
Shropshire and Wrekin Fire Authority  
South East Coast Ambulance Service NHS Foundation Trust  
South Tyneside Council  
South West Local Resilience Forums  
South Western Ambulance Service NHS Foundation Trust  
South Yorkshire Fire and Rescue Authority  
South Yorkshire Local Resilience Forum  
South Yorkshire Police and Crime Commissioner  
Southampton City Council  
Staffordshire County Council  
Staffordshire Local Resilience Forum  
Staffordshire Police  
Staffordshire Police and Crime Commissioner  
Staffordshire Police and Crime Panel  
Staffordshire University  
Stoke-on-Trent and Staffordshire Fire and Rescue Authority  
Stoke-on-Trent City Council  
Suffolk Constabulary and Police and Crime Commissioner  
Suffolk Fire Authority  
Suffolk Local Resilience Forum  
Suffolk Police and Crime Panel  
Sunderland City Council  
Surrey County Council (FRA)  
Surrey Police and Crime Commissioner  
Sussex Local Resilience Forum  
TechUK  
Telford and Wrekin Council  
Telford and Wrekin Council Civil Resilience Team  
Thames Valley Police and Crime Commissioner  
The Institute of Civil Protection and Emergency Management  
Trades Union Congress  
UNISON  
UNISON LFEPA  
Unite the Union  
Victoria University (Australia)  
Warrington Borough Council  
Warwickshire County Council (FRA)  
Warwickshire Police and Crime Commissioner

Warwickshire Police and Crime Commissioner  
Weightmans LLP, Solicitors  
West Mercia Police and Crime Commissioner  
West Midlands Ambulance Service NHS Foundation Trust  
West Midlands Fire and Rescue Authority  
West Midlands Local Resilience Forum  
West Sussex County Council (FRA)  
West Yorkshire Police  
West Yorkshire Police and Crime Commissioner  
Williams Training and Consultancy  
Wiltshire Police and Crime Commissioner  
Wokingham Borough Council  
Wokingham's Community Safety Partnership  
Wyre Forest District Council  
Yorkshire Ambulance Service NHS Trust

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**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

Nottinghamshire and City of Nottingham  
Fire and Rescue Authority

# COMMITTEE OUTCOMES

Report of the Chief Fire Officer

**Date:** 26 February 2016

**Purpose of Report:**

To report to Members the business and actions of the Fire Authority committee meetings which took place in January 2016.

## CONTACT OFFICER

**Name :** John Buckley  
Chief Fire Officer

**Tel :** (0115) 967 0880

**Email :** john.buckley@notts-fire.gov.uk

**Media Enquiries Contact :** Therese Easom  
(0115) 967 0880 therese.easom@notts-fire.gov.uk

## **1. BACKGROUND**

As part of the revised governance arrangements the Authority has delegated key responsibilities to specific committees of the Authority. As part of those delegated responsibilities, the chairs of committees and the management leads report to the Authority on the business and actions as agreed at Fire and Rescue Authority meeting on 1 June 2007.

## **2. REPORT**

The minutes of the following meetings are attached at Appendix A for the information of all Fire Authority members:

Community Safety Committee	8 January 2016
Finance and Resources Committee	15 January 2016
Human Resources Committee	22 January 2016
Policy and Strategy Committee	29 January 2016

## **3. FINANCIAL IMPLICATIONS**

All financial implications were considered as part of the original reports submitted to the committees.

## **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

All human resources and learning and development implications were considered as part of the original reports submitted to the committees.

## **5. EQUALITIES IMPLICATIONS**

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service. Its purpose is to update the Fire Authority on the outcomes of committee business.

## **6. CRIME AND DISORDER IMPLICATIONS**

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

## **7. LEGAL IMPLICATIONS**

There are no legal implications arising directly from this report.



## **8. RISK MANAGEMENT IMPLICATIONS**

The Service's performance in relation to matters addressed through the committee structure is scrutinised through a range of audit processes. The Service needs to continue to perform well in these areas as external scrutiny through Comprehensive Performance Assessment and auditors' judgement is key to future Service delivery.

## **9. RECOMMENDATIONS**

That Members note the contents of this report.

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

None.

John Buckley  
**CHIEF FIRE OFFICER**



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

**NOTTINGHAMSHIRE & CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY -  
COMMUNITY SAFETY**

**MINUTES of the meeting held at Fire and Rescue Service Headquarters,  
Bestwood Lodge, Arnold, Nottingham, NG5 8PD on 8 January 2016 from  
10.00am - 11.05am**

**Membership**

Present

Councillor Brian Grocock  
Councillor Ken Rigby  
Councillor Roger Jackson  
Councillor Eunice Campbell (Chair)  
Councillor Dave Liversidge  
Councillor Darrell Pulk (substitute for Councillor  
Mike Pringle)

Absent

Councillor Mike Pringle

**Colleagues, partners and others in attendance:**

Councillor Gordon Wheeler	- Observer
Keith Jones	- Area Manager Service Delivery
Rav Kalsi	- Senior Governance Officer
Craig Parkin	- Assistant Chief Fire Officer

**14 APOLOGIES FOR ABSENCE**

Councillor Mike Pringle (non-Council business).

**15 DECLARATIONS OF INTERESTS**

None.

**16 MINUTES**

The Committee confirmed the minutes of the meeting held on 2 October 2015 as a true record and they were signed by the Chair.

## **17 FIRE INVESTIGATION UPDATE**

Craig Parkin, Assistant Chief Fire Officer, presented the report updating the Committee on progress with regard to fire investigation activity, fatal fire reviews and the actions taken to share information and learning to assist in preventing loss of life, business and property.

The following points were highlighted:

- (a) The Nottinghamshire Fire and Rescue Service (NFRS) Fire Investigation Team, based at Mansfield fire station, has a variety of duties with regard to fire investigations (FI), including training staff to carry out initial investigations or conducting more in-depth investigations, where necessary;
- (b) The Service works collaboratively with Nottinghamshire Police to ensure investigative standards are high and consistent and has established a memorandum of understanding with key partners such as Trading Standards. This ensures a clear process of reporting products suspected of being fire risks is in place;
- (c) In 2014, NFRS attended 2,617 fires, of these fires 2,538 were able to be investigated by the operational staff who attended the incident. The NFRS FI Team have undergone a period of transformation and now have a team of non-uniformed officers led by a station manager, who focusses on investigations. The NFRS are confident that this approach will prove effective.

Following questions from the Committee, the following additional information was provided:

- (d) NFRS FI Team have established a memorandum of understanding with other Fire Services so that in times of higher demand, NFRS could call on an investigating officer from another Service to perform an investigatory role. Frontline operational staff have also been better trained to deal with operational issues in recent years;
- (e) NFRS FI Team makes referrals to Trading Standards, at both Nottingham City Council and Nottinghamshire County Council. Although the FI Team meets Nottingham City and Nottingham County Trading Standards teams separately, it continues to share intelligence and data with both;
- (f) NFRS will continue to make use of social media to better communicate a consistent message to the public about the dangers of faulty electrical equipment.

**RESOLVED to note the contents of the report and support the continuing work and development of the Fire Investigation Team.**

## **18 NEW CROSS PROJECT**

Craig Parkin, Assistant Chief Fire Officer, presented the report providing the Committee with an overview of the New Cross Project and its involvement in

supporting the multi-agency approach within Sutton-in-Ashfield. The following information was highlighted:

- (a) The New Cross pilot project provides a cross sector approach to more effectively supporting local communities, bringing together different agencies and taking an integrated approach with all frontline staff;
- (b) A member of the Nottingham Fire and Rescue Service (NFRS) was seconded to Ashfield District Council for 18 months in January 2015 to work within the project which covers a small community of 1,200 homes within Sutton-in-Ashfield. The area was chosen because of its significant interest for local service providers, such as Nottinghamshire Police and local mental health services. The area of the pilot has the highest proportion of 'troubled families' in Ashfield with complex needs and service requirements that depend upon multi-agency interventions;
- (c) The Risk Reduction Officer who has been seconded to the team has been assigned as a case worker and is currently overseeing four cases. The Officer coordinates relevant service providers to assist in particular cases and in the most recent case, has supported a particular individual in securing a tenancy following periods of drug abuse, homelessness and incarceration. In this particular case, the costs to the service has been around £2,000 whereas had the individual spent the last six weeks in prison, it would have cost in the region of £6,000;
- (d) Having a fire service expert within the New Cross Project has enabled earlier diagnosis of potential fire hazards and vital information sharing with the Fire Service.

Following question and comments from the Committee, the following additional information was provided:

- (e) In many cases, vulnerable individuals are more likely to speak to the NFRS than other agencies, such as the Police or Social Services, who they might perceive in an adversarial or authoritarian way. In this project, NFRS are able to be part of coordinate multi-faceted interventions in an integrated way;
- (f) The 18 month project has been subject to periods of review and academic evaluation by Nottingham Trent University and although the forecasted public value of the programme based on cost/benefit analysis stands at a net public value of £5.7 million it is difficult to establish the tangible cost benefit in real terms. Any evaluation undertaken at the end of the project would do well to take account of the human factor and the multi-agency benefit in supporting the highest proportion of 'troubled families' with significant need.

**RESOLVED to**

- (1) note the contents of the report and support the New Cross Project;**
- (2) receive a report detailing the outcome of the evaluation process following the completion of the project.**

## **19 ON CALL REVIEW**

Craig Parkin, Assistant Chief Fire Officer presented the report, informing members of the current work that is taking place as part of the On-Call Review. The following information was highlighted:

- (a) The On-Call Review was commissioned in 2015 with an aim of providing a long-term, sustainable solution for an on-call provision of emergency response in Nottinghamshire. The Retained Duty System (RDS) in conjunction with the Wholetime Duty System (WDS) is seen to provide a cost-effective approach to deliver services;
- (b) Both nationally and within Nottinghamshire, there is a historic challenge around the recruitment and retention of RDS personnel. A number of issues have affected the Service's ability to recruit and retain individuals, such as fewer local employers and the increased work demands on individuals employed on the RDS;
- (c) The On-call Review will be an ongoing process in order to ensure that the provision of response to risk and demand is continually improved. Initial scoping indicates that the initial projects within the Review will be completed within 24 months.
- (d) The budget for the RDS over the next three years has been adjusted to take account of an increase in establishment and RDS delivery activity. Proposals will be taken to Fire Authority in Feb 2016 to increase the retained pay budget over the next three years. This change represents a readjustment of costs, not an overall net increase to the cost.

Following questions and comments from the members, the following information was provided:

- (e) Improvements to the retention of individuals on the RDS will reduce the costs associated with replacement kits and induction training.

### **RESOLVED to**

- (1) note the content of the report;**
- (2) support the ongoing review;**
- (3) request a more detailed report on progress at a future Community Safety Committee.**



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

**NOTTINGHAMSHIRE & CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY -  
FINANCE AND RESOURCES**

**MINUTES of the meeting held at Fire and Rescue Service Headquarters,  
Bestwood Lodge, Arnold, Nottingham, NG5 8PD on 15 January 2016 from 10.02  
- 11.10**

**Membership**

Present

Councillor Malcolm Wood (Chair)  
Councillor John Allin  
Councillor Chris Barnfather  
Councillor Brian Grocock (substitute)  
Councillor Dave Liversidge  
Councillor Gordon Wheeler

Absent

Councillor John Clarke (substituted  
by Cllr Brian Grocock)

**Colleagues, partners and others in attendance:**

John Buckley - Nottinghamshire and City of Nottingham Fire & Rescue  
Authority  
Sue Maycock - Head of Finance, Notts Fire and Rescue  
Neil Timms - Treasurer to the Authority  
James Welbourn - Governance Officer

**16 APOLOGIES FOR ABSENCE**

Councillor John Clarke (sent substitute)

**17 DECLARATIONS OF INTERESTS**

None.

## **18 MINUTES**

The Committee confirmed the minutes of the meeting held on 9 October 2015 as a true record and they were signed by the Chair.

## **19 PRUDENTIAL CODE MONITORING REPORT TO 30 NOVEMBER 2015**

Neil Timms, Treasurer to the Fire Authority introduced the Prudential Code Monitoring report to 30 November 2015, highlighting the following points:

- (a) there is likely to be a need to borrow this year; however if prudential targets need to be adjusted, then a report will come back to this Committee;
- (b) the decision on borrowing versus using cash reserves will take account of the current financial climate.

**RESOLVED to note the contents of the report.**

## **20 REVENUE AND CAPITAL MONITORING REPORT TO NOVEMBER 2015**

Sue Maycock, Head of Finance introduced the Revenue and Capital Monitoring Report to November 2015. Following discussion with Councillors, the following points were raised:

- (a) the £185,000 net budget deficit to the Prince's Trust is not sustainable in the long-term. An options report will be brought to the Policy and Strategy Committee;
- (b) Prince's Trust activities within other fire services in the East Midlands are being scaled back. Derbyshire don't currently run the service, Leicestershire have now finished running it, and Lincolnshire are facing similar financial issues.

Local businesses have been approached to see if they will sponsor teams from the fire service. The variable cost of running a team is approximately £7,000, with an overhead of 7 members of staff;

- (c) the control system is performing better than previously. The transfer of earmarked reserve funding is covered in the next meeting of Policy and Strategy Committee. Officers are working on the project longer than envisaged;
- (d) the Fire Authority has made a contribution of £130,000 towards the installation of sprinkler systems in social housing properties, in conjunction with Nottingham City Homes (NCH). This contribution has been drawn from the LPSA reward grant from several years ago.
- (e) the Incident Command Training project has been held up because of the delay with the tri-service control system.

**RESOLVED to:**

- (1) **note the report;**
- (2) **approve the re-designation of the Fire Control Collaboration earmarked reserve of £220,000 to a Tri-Service Control Phase 2 earmarked reserve.**

**21 BUDGET PROPOSALS FOR 2016/2017 TO 2019/2020 AND OPTIONS FOR COUNCIL TAX 2016/2017**

Sue Maycock, Head of Finance introduced the Revenue and Capital Monitoring Report to November 2015. Following discussion with Councillors, the following points were raised:

- (a) a property tour this year for interested members will be arranged, so that members can see the fire stations being considered for renewal or upgrading;
- (b) one detailed change to the base budget is £518,000 used on 'NI End of Contracting Out'. This refers to changes to the State pension.

The £350,000 contribution to earmarked reserve to fund the Specialist Rescue Team has been budgeted to support natural turnover. This is a one-off cost;

- (c) A discussion took place regarding Council Tax and the Committee unanimously agreed to the addition of the second recommendation below.

**RESOLVED to:**

- (1) **note the report;**
- (2) **recommend to the Fire Authority that there be a 1.95% Council Tax increase, with the residual balance met by funding from reserves in 2016/17.**

**22 APPOINTMENT OF EXTERNAL AUDITORS**

Sue Maycock, Head of Finance introduced the Appointment of External Auditors report.

**Agreed to note the contents of the report.**

**23 CORPORATE RISK MANAGEMENT**

John Buckley, Chief Fire Officer introduced the Corporate Risk management report, highlighting the following points:

- (a) the following items have the highest risk rating:
  - i) **mobilising** – risk has reduced because of the transition to the new system, but still remains the most significant issue on the risk register;



- ii) **working at height** – this is higher up the risk register due to injuries to staff in other authorities;
- iii) **use of vehicles** – this refers to how the vehicle fleet is used, as well as the risk involved in staff using their own cars for business use;
- iv) **demand of projects** – competing projects within the Service are creating pressure on officers and this is being managed by a risk based approach to prioritisation.

Following questions from Councillors, further information was provided:

- (b) a budget is set for legal fees. In cases where there is litigation against the service, an amount is allowed for in the risk-based assessment of reserves – this amount is calculated using previous litigation as a guide;
- (c) the risk rating for mobilising has been reduced from 20 to 16. There has been more cooperation from the suppliers – however, because the service is so fundamental, the risk is still high;
- (d) there is currently a grant from Government to fund part of the costs of the Airwave communications system. The Fire Service only uses a small percentage of this service; there is potential to collaborate across blue-light services. At this stage, there is no indication of how much the replacement for Airwave will cost;
- (e) when working at height, there are two main criteria:
  - i) **restraint** – this applies to anyone that works above 2 metres. The restraint works by slowing the individual down should they fall from a cage or platform;
  - ii) **rescue** – where the Specialist Rescue Team would effect a rescue of a casualty using lines.

**RESOLVED to:**

- (1) **note the content of the Corporate Risk Register and acknowledge the control measures in place;**
- (2) **note the content of the Strategic Risk Register.**



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

**NOTTINGHAMSHIRE & CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY -  
HUMAN RESOURCES**

**MINUTES of the meeting held at Fire and Rescue Services HQ, Bestwood  
Lodge, Arnold Nottingham NG5 8PD on 22 January 2016 from 10.00 - 10.56**

**Membership**

Present

Councillor Darrell Pulk (Chair)  
Councillor Brian Grocock  
Councillor Neghat Nawaz Khan  
Councillor Mike Pringle  
Councillor Liz Yates  
Councillor Jason Zadrozny

Absent

Councillor Eunice Campbell  
(substituted by Councillor Brian  
Grocock)  
Councillor Michael Payne  
(substituted by Councillor Darrell  
Pulk)

**Colleagues, partners and others in attendance:**

Tracey Crump - Head of HR, Notts F&RS  
Gavin Harris - Head of ICT, Notts F&RS  
Sue Maycock - Head of Finance, Notts F&RS  
Craig Parkin - Assistant Chief Fire Officer, Notts F&RS  
James Welbourn - Governance Officer  
Councillor Gordon Wheeler - County Councillor (observing)

**33 APPOINTMENT OF CHAIR FOR THE MEETING**

In the absence of the Chair, Councillor Darrell Pulk was appointed Chair for the meeting.

**34 APOLOGIES FOR ABSENCE**

Cllr Eunice Campbell (personal reasons) (substituted by Cllr Brian Grocock)  
Cllr Michael Payne (substituted by Cllr Darrell Pulk)

### **35 DECLARATIONS OF INTERESTS**

None.

### **36 MINUTES**

The minutes of the meeting held on 16 October 2015 were confirmed as a true record and signed by the presiding Chair.

### **37 INFORMATION GOVERNANCE MANAGER**

Craig Parkin, Assistant Chief Fire Officer at Nottinghamshire Fire and Rescue Service introduced a report proposing the creation of an Information Governance post, along with the deletion of both the Performance Officer and Evaluation Officer posts.

The following points were highlighted:

- (a) vacancies have been managed to provide internal support and governance;
- (b) the new post will provide services to the organisation;

Following questions from members, further information was provided:

- (c) the Performance Officer post was vacant for one year, and the Evaluation Officer post has been vacant since the middle of 2015;
- (d) there has been occasions where solicitors have been brought in to assist with Freedom of Information (FOI) requests. One of these requests had cost close to £2,500 to process.

All managers at Nottinghamshire Fire and Rescue Service have gone through FOI and data awareness training; however, the Information Governance manager post would co-ordinate these requests. This would negate the need to have external help with the majority of FOIs;

- (e) in 2015 the authority processed 120 FOIs. A Joint Interoperability Board with the Police also looked at this area of work;

Councillors agreed a further report could come back through this Committee if requested. This would likely be an annual update.

### **RESOLVED to recommend that the Fire Authority:**

- (1) amend the permanent establishment and create the new post of Information Governance Manager;**
- (2) delete the posts of Performance Officer and Evaluation Officer.**

### **38 ESTABLISHMENT OF INFORMATION AND COMMUNICATIONS TECHNOLOGY DEVELOPMENT OFFICER ROLE**

Craig Parkin, Assistant Chief Fire Officer at Nottinghamshire Fire and Rescue Service introduced a report seeking creation of an ICT Development Officer role.

The report, and questions from members, highlighted the following information:

- (a) there has previously been a great demand on external consultants coming into the Fire Authority when required to do so. This will continue, as consultants will always be required for certain pieces of work, although the reliance on them should be lessened. It is anticipated that consultancy costs will decrease;
- (b) there are two budgets for the creation of this post; money will be taken from both of those budgets to pay for the new role. All of the money comes from revenue;
- (c) the ICT business plan provides guidance for future projects; for example, the change in phone system is documented;
- (d) the new post can carry out development and retain knowledge within the organisation, to other members of staff;

**RESOLVED to support and recommend to the Fire Authority the creation of an additional ICT Development Officer post with effect from 1 April 2016 to be funded by a virement from non-pay budgets.**

### **39 HUMAN RESOURCES UPDATE**

Tracy Crump, Head of HR at Nottinghamshire Fire and Rescue Service updated members on key Human Resources metrics for the period 1 October – 31 December 2015.

The following points were highlighted:

- (a) there will be an increase in absence rates near Christmas which impacts on figures, but this was expected;
- (b) two-thirds of absence was attributed to long-term absentees;
- (c) there was a slight reduction in the absence of wholetime employees;
- (d) musculo-skeletal and mental health problems are important issues that require constant monitoring. The Fire Service is linked into a scheme called Rehab-Works' that provides physiotherapy; a helpline is also part of this service. Musculo-skeletal injuries are of particular concern for the organisation as it gets older as a whole workforce; fitness programmes could be tailored to mitigate this impact.

The amount of recovery time required for mental health issues is generally longer, but this affects a small proportion of the workforce. A peer support programme is being put into place, and should be fully resourced and operable within the next year. This peer support will include help over the phone for affected colleagues;

- (e) an external training provider will be hosting 'resilience workshops' to help deal with pressure and stress at work;
- (f) the wholetime pay budget was significantly overspending; this is no longer the case, and there is ongoing work to reduce this further;
- (g) the service has a policy to avoid making people redundant where possible, which saves redundancy costs;
- (h) IDRPs stands for Internal Dispute Resolution Procedure. This tends to relate to issues around the firefighter pension scheme;
- (i) Fire and Rescue have carried out two sessions with Mind (mental health charity). Government have given money to Mind to speak to services. Nottinghamshire Fire and Rescue Service are currently doing more for employees than Mind recommend;
- (j) members of the Committee would be welcome to attend the peer support training.

**RESOLVED to:**

- (1) applaud the work done by officers;**
- (2) ask that the Committee are notified of any tangible results going forward;**
- (3) endorse the report.**

**40 EXCLUSION OF THE PUBLIC**

**RESOLVED to exclude the public from the meeting during consideration of the remaining items in accordance with section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, as defined in paragraphs 1 & 3 of Schedule 12A to the Act.**

**41 REGRAIDING OF POSTS**

Craig Parkin, Assistant Chief Fire Officer, presented the report on the regrading of posts.

**RESOLVED to note the recommendations within the report.**



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

**NOTTINGHAMSHIRE & CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY -  
POLICY & STRATEGY**

**MINUTES of the meeting held at Fire and Rescue Services HQ, Bestwood  
Lodge, Arnold Nottingham NG5 8PD on 29 January 2016 from 10.00 - 11.07**

**Membership**

Present

Councillor Darrell Pulk (Chair)  
Councillor Brian Grocock  
Councillor Chris Barnfather  
Councillor Gordon Wheeler  
Councillor Yvonne Woodhead  
Councillor Malcolm Wood

Absent

Councillor Jon Collins  
(substituted by Councillor Malcolm  
Wood)

**Colleagues, partners and others in attendance:**

Neil Timms	- Treasurer to the Authority
John Buckley	- Chief Fire Officer Nottinghamshire and City of Nottingham Fire & Rescue Service
Malcolm Townroe	- Clerk and Monitoring Officer to the Authority
James Welbourn	- Governance Officer
Tracey Stevenson	- Senior Accountant Nottinghamshire and City of Nottingham Fire and Rescue Service
Ian Taylor	- Area Manager, Nottinghamshire and City of Nottingham Fire and Rescue Service

**25 APOLOGIES FOR ABSENCE**

Cllr Jon Collins (substituted by Cllr Malcolm Wood).

**26 DECLARATIONS OF INTERESTS**

None.

## **27 MINUTES**

The Committee confirmed the minutes of the meeting held on 13 November 2015 as a true record and they were signed by the Chair.

## **28 EMERGENCY SERVICES MOBILE COMMUNICATIONS PROGRAMME (ESMCP) FORMAL SIGN UP**

John Buckley, Chief Fire Officer at Nottinghamshire Fire and Rescue Service introduced the report on the Emergency Services Mobile Communications Programme (ESMCP) formal sign up.

The following points were highlighted:

- (a) the contract for Airwave Solutions has already been extended and cannot readily be extended beyond 2020. Airwave is expensive, and the technology in this area has moved on;
- (b) there is some funding available from Government. Currently, there is a grant for Airwave, which will likely be removed;

Following questions from Councillors, further information was provided:

- (c) the Police are the biggest users of this type of software, and are funded similarly to the Fire Service;
- (d) Nottinghamshire Fire and Rescue will need to be fully connected to the Public Sector Network (PSN). In the last week, civil servants have said that funding will be available for this; the Autumn Statement mentioned £74 million would be available for the Department for Communities and Local Government (DCLG) to carry out work on the emergency service network;
- (e) all control rooms across the country have an integrated command communications system. Funding is available to upgrade these to work with the Public Sector Network;
- (f) Since the adoption of Airwave 15 years ago technology has moved on considerably and now there are more cost effective and useful systems available;
- (g) when there is lots of activity involving blue light services, the Police have first call on the Airwave service;
- (h) those who live in rural areas might benefit the most from the ESMCP, as 4G technology will be rolled out in areas that don't currently receive it;
- (i) an Inter-Operability Board in Nottinghamshire allows communications between blue light services. At Officer level, there is a working group; this working

group has enhanced relationships between officers of different services quite considerably. The Police force is the bigger authority, but fire officers are leading on certain issues.

Any opportunities to move forward with decisions would still need to come back through the relevant Fire Authority committee;

**RESOLVED to participate in the Emergency Services Mobile Communications Programme and direct the Chief Fire Officer to sign and return the attached documentation on behalf of the Fire Authority.**

## **29 TRI-SERVICE CONTROL PROJECT UPDATE**

John Buckley, Chief Fire Officer at Nottinghamshire Fire and Rescue Service introduced the Tri-Service Control Project update.

Following discussion and questions from members, the following information was highlighted:

- (a) the Tri-Service project is going to run into the next financial year; and this will bring costs. Some compensation has come back from the supplier.

There is a real commitment from the suppliers and others to resolve the problems with the project;

- (b) the general performance of the system is stable and there haven't been outages for a significant period of time. Phase 1 of implementation is on the verge of closing;

- (c) the suppliers are not seeking any further payments; the money input from Fire and Rescue is going towards staffing costs.

Nottinghamshire Fire and Rescue are applying a degree of commercial pressure to get the project back on track; any delays from Fire and Rescue themselves are due to supporting this commercial pressure with staff;

- (d) the £220,000 from re-designated reserves should allow Nottinghamshire Fire and Rescue to support implementation, improvements and developments to the system for the next 12 months;

- (e) it would be useful for the Finance Committee to have the figures to date for the project, including costs and savings. John Buckley pointed out that the maintenance contract would be an immediate saving; in addition, savings are being made in other areas relating to the project, and staffing on control has been reduced. Further savings could possibly be made if collaboration with other services is explored.



**RESOLVED to:**

- (1) note the update on the implementation of the Tri-Service Control system;**
- (2) ask that a further update comes to next Policy and Strategy meeting.**

**30 EXCLUSION OF THE PUBLIC**

**RESOLVED to exclude the public from the meeting during consideration of the remaining items in accordance with section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, as defined in paragraphs 1 & 3 of Part 1 of Schedule 12A of the Act.**

**31 PRINCE'S TRUST UPDATE**

John Buckley, Chief Fire Officer, presented the Prince's Trust update.

**RESOLVED to implement option 4, which is contained within the report, and to provide a follow-up report to relevant Fire Authority committees.**

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