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NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY

MEETING OF THE AUTHORITY

Date: Friday, 22 September 2017

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

Pages

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTERESTS

3 CHANGE IN MEMBERSHIP

- (a) to note the appointment of Councillor Parry Tsimbiridis to the Fire Authority in place of Councillor Nicki Brooks and to confirm his appointment to the Community Safety Committee, Personnel Committee and Strategic Equalities Board.
- (b) to note the appointment of Councillor Jonathan Wheeler to the Fire Authority in place of Councillor Tony Harper and to confirm his appointment to the Policy and Strategy Committee and Community Safety Committee.

4 MINUTES

Of the meeting held on 9 June 2017 (for confirmation)

5 - 12

5 CHAIRS' ANNOUNCEMENTS

6	ANNUAL GOVERNANCE STATEMENT 2016/17 Report of the Chief Fire Officer	13 - 28
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17	ANNUAL REPORT ON TRANSPARENCY AND DATA PROTECTION Report of the Chief Fire Officer	361 - 366
18	COMMITTEE OUTCOMES Report of the Chief Fire Officer	367 - 388

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: Catherine Ziane-Pryor
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**NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM
FIRE AND RESCUE AUTHORITY (NFRS)**

**MINUTES of the Annual General Meeting held at Fire and Rescue Services HQ,
Bestwood Lodge, Arnold Nottingham NG5 8PD on 9 June 2017 from 2.00 pm - 2.40
pm**

Membership

Present

Councillor Brian Grocock (Chair)
Councillor Michael Payne (Vice-Chair)
Councillor Liaqat Ali
Councillor Nicki Brooks
Councillor Andrew Brown
Councillor Eunice Campbell
Councillor John Clarke
Councillor Sybil Fielding
Councillor Vaughan Hopewell
Councillor Patience Uloma Ifediora
Councillor John Longdon
Councillor Jackie Morris
Councillor Francis Purdue-Horan
Councillor Mike Quigley MBE
Councillor Phil Rostance
Councillor Malcolm Wood
Councillor Jason Zadrozny (from item 3)

Absent

Councillor Tony Harper

Also in attendance

Nottinghamshire Police and Crime Commissioner, Paddy Tipping

Colleagues, partners and others in attendance:

John Buckley	-	Chief Fire Officer, NFRS
Wayne Bowcock	-	Deputy Chief Fire Officer, NFRS
Craig Parkin	-	Assistant Chief Fire Officer, NFRS
Malcolm Townroe	-	Clerk and Monitoring Officer to the Fire Authority
James Welbourn	-	Governance Officer

1 APPOINTMENT OF CHAIR

**RESOLVED to appoint Councillor Brian Grocock as the Chair for the municipal year
2017/18.**

2 APPOINTMENT OF VICE CHAIR

Councillor Michael Payne and Councillor Andrew Brown were nominated for appointment as Vice-Chair. When put to the vote, the following votes were received for Councillor Michael Payne (10):

Councillor Liaqat Ali
Councillor Nicki Brooks
Councillor Eunice Campbell
Councillor John Clarke
Councillor Sybil Fielding
Councillor Brian Grocock
Councillor Patience Ifediora
Councillor Jackie Morris
Councillor Michael Payne
Councillor Malcolm Wood

The following votes (6) were received for Councillor Andrew Brown

Councillor Andrew Brown
Councillor Vaughan Hopewell
Councillor John Longdon
Councillor Francis Purdue-Horan
Councillor Mike Quigley MBE
Councillor Phil Rostance

RESOLVED to appoint Councillor Michael Payne as Vice-Chair.

3 APOLOGIES FOR ABSENCE

Councillor Tony Harper.

4 DECLARATIONS OF INTERESTS

None.

5 MINUTES

The minutes of the meeting held on 24 February were agreed as a correct record and signed by the Chair.

6 CHAIRS' ANNOUNCEMENTS

The Chair welcomed everyone to the meeting, in particular, the new Members of the Authority. He outlined the following points:

- A new Member induction meeting will take place at the riding of the Finance and Resources Committee on 7 July for new Members and old;

- The Chair paid tribute to past Members and will write to them and thank them on behalf of the Fire Authority;
- Those Members who have served a full term of 4 years will be invited back in September to receive a certificate of service. Special mentions went to John Allin, Chris Barnfather, Roger Jackson, Dave Liversidge, Mike Pringle, Darrell Pulk, Ken Rigby, Gordon Wheeler and Liz Yates;
- The past Chair, Darrell Pulk served on the Authority for 14 years, 12 of those years as the Chair. The Chair recommended that the Chief Fire Officer considered this through the internal awards process;
- Since the meeting in February, there have been three terrorist incidents in the UK, in Westminster, Manchester and London Bridge, with the loss of 30 lives and more than 100 injured. Thoughts were with those affected along with their families and friends. Thanks went to those who responded, both from the Emergency Services and the general public.

Everyone present then stood in a minute's silence.

7 MEMBERSHIP OF THE AUTHORITY, REVIEW OF COMMITTEES, APPOINTMENTS TO COMMITTEES AND BOARDS AND DATES OF FUTURE MEETINGS

RESOLVED to:

(1) note the following appointments to the Fire Authority:

City Council Members

**Councillor Liaqat Ali
Councillor Eunice Campbell
Councillor Brian Grocock
Councillor Patience Uloma Ifediora
Councillor Jackie Morris
Councillor Malcolm Wood**

County Council Members

**Councillor Nicki Brooks
Councillor Andrew Brown
Councillor John Clarke
Councillor Sybil Fielding
Councillor Tony Harper
Councillor Vaughan Hopewell
Councillor John Longdon
Councillor Michael Payne
Councillor Francis Purdue-Horan
Councillor Mike Quigley MBE
Councillor Phil Rostance
Councillor Jason Zadrozny;**

(2) approve the committee structure;

(3) approve the following appointments, Chairs and dates of meetings:

Nottinghamshire and City of Nottingham Fire and Rescue Authority (10:30am)

22 September 2017

15 December 2017

16 February 2018

8 June 2018 (AGM)

Policy and Strategy Committee (10:00am)

21 July 2017 Councillor Brian Grocock (Chair)

10 November 2017 Councillor Sybil Fielding

2 February 2018 Councillor Michael Payne

11 May 2018 Councillor Malcolm Wood

Councillor Andrew Brown

Councillor Tony Harper

Human Resources Committee (10:00am)

14 July 2017 Councillor John Clarke (Chair)

20 October 2017 Councillor Liaqat Ali

26 January 2018 Councillor Jackie Morris

4 May 2018 Councillor Vaughan Hopewell

Councillor John Longdon

Councillor John Clarke and Councillor John Longdon were nominated for appointment as Chair of the Human Resources Committee. When put to the vote, the following votes were received for Councillor John Clarke (10):

Councillor Liaqat Ali

Councillor Nicki Brooks

Councillor Eunice Campbell

Councillor John Clarke

Councillor Sybil Fielding

Councillor Brian Grocock

Councillor Patience Ifediora

Councillor Jackie Morris

Councillor Michael Payne

Councillor Malcolm Wood

The following votes (6) were received for Councillor John Longdon:

Councillor Andrew Brown

Councillor Vaughan Hopewell

Councillor John Longdon

Councillor Francis Purdue-Horan

Councillor Mike Quigley MBE

Councillor Phil Rostance

Councillor Jason Zadrozny abstained from voting. Councillor Tony Harper had given apologies.

Community Safety Committee (10:00am)

30 June 2017	Councillor Eunice Campbell (Chair)
6 October 2017	Councillor Nicki Brooks
12 January 2018	Councillor Patience Uloma Ifediora
20 April 2018	Councillor Andrew Brown
	Councillor Tony Harper
	Councillor Jason Zadrozny

Councillor Eunice Campbell and Councillor Andrew Brown were nominated for appointment as Chair of the Community Safety Committee. When put to the vote, the following votes were received for Councillor Eunice Campbell (10):

**Councillor Liaqat Ali
Councillor Nicki Brooks
Councillor Eunice Campbell
Councillor John Clarke
Councillor Sybil Fielding
Councillor Brian Grocock
Councillor Patience Ifediora
Councillor Jackie Morris
Councillor Michael Payne
Councillor Malcolm Wood**

The following votes (6) were received for Councillor Andrew Brown:

**Councillor Andrew Brown
Councillor Vaughan Hopewell
Councillor John Longdon
Councillor Francis Purdue-Horan
Councillor Mike Quigley MBE
Councillor Phil Rostance**

Councillor Jason Zadrozny abstained from voting. Councillor Tony Harper had given apologies.

Finance and Resources Committee (10:00am)

7 July 2017	Councillor Malcolm Wood (Chair)
13 October 2017	Councillor John Clarke
19 January 2018	Councillor Brian Grocock
27 April 2018	Councillor Francis Purdue-Horan
	Councillor Mike Quigley MBE

Councillor Malcolm Wood and Councillor Mike Quigley MBE were nominated for appointment as Chair of the Finance and Resources Committee. When put to the vote, the following votes were received for Councillor Malcolm Wood (9):

**Councillor Liaqat Ali
Councillor Nicki Brooks
Councillor Eunice Campbell
Councillor John Clarke
Councillor Sybil Fielding
Councillor Patience Ifediora
Councillor Jackie Morris
Councillor Michael Payne
Councillor Malcolm Wood**

The following votes (6) were received for Councillor Andrew Brown:

**Councillor Andrew Brown
Councillor Vaughan Hopewell
Councillor John Longdon
Councillor Francis Purdue-Horan
Councillor Mike Quigley MBE
Councillor Phil Rostance**

Councillor Jason Zadrozny abstained from voting. Councillor Tony Harper had given apologies.

Personnel Committee (meets as required)

**Councillor Liaqat Ali
Councillor Nicki Brooks
Councillor Brian Grocock
Councillor Patience Uloma Ifediora
Councillor Francis Purdue-Horan
Councillor Mike Quigley MBE
Councillor Phil Rostance**

Appointments Committee (meets as required)

**Councillor Brian Grocock (Chair)
Councillor Michael Payne
Councillor Malcolm Wood
Councillor Andrew Brown
Councillor Vaughan Hopewell
Councillor Jason Zadrozny;**

(4) appoint the following Members to the Strategic Equalities Board:

Strategic Equalities Board (meets at the rising of each full Fire Authority meeting excluding the AGM)

Councillor Brian Grocock (Chair)

Councillor Nicki Brooks
Councillor Patience Uloma Ifediora
Councillor Andrew Brown
Councillor Francis Purdue-Horan
Councillor Jason Zadrozny;

- (5) appoint Councillor Sybil Fielding as the Fire Authority member on the Local Firefighter Pension Board, and reappoint ACFO Parkin as the Principal Officer representative on the Board;**
- (6) appoint Councillor Mike Quigley MBE to the vacant Councillor Director role at Nottingham Fire Safety Limited.**

8 POLICE AND CRIME COMMISSIONER REPRESENTATION

John Buckley, Chief Fire Officer informed Members of the request from the Police and Crime Commissioner to become a Member of the Fire and Rescue Authority.

RESOLVED to:

- (1) invite the Nottinghamshire Police and Crime Commissioner (PCC) to attend Combined Fire Authority and all Committee meetings; and;**
- (2) allow the PCC to contribute to the debates and discussions that take place at those meetings, although recognising that they do not have the power to vote;**
- (3) ask the Clerk to provide a future report to the Authority to consider the request of the PCC to be fully represented on the Fire Authority, when the required amendments to legislation make this possible.**

9 THOMAS REVIEW ANALYSIS

John Buckley, Chief Fire Officer at Nottinghamshire Fire and Rescue provided feedback to Members on the work undertaken by the Thomas Review Task and Finish Working Group.

There were also recommendations from the Policy and Strategy Committee to be considered.

The report was concluded in around three months, around 18 months after it was submitted to government.

The National Fire Chiefs Council (NFCC) has responded, and from the 1 April the Chair of the NFCC will be providing operational and technical advice to Government.

RESOLVED to:

- (1) adopt the final version of the draft gap analysis attached at Appendix B of the report;**

- (2) **request that the Chief Fire Officer put into place work-streams to address areas identified within scope, and report back through the normal governance processes;**
- (3) **submit the gap analysis to the Minister of State for Policing and the Fire Service, to support the work of Government in determining their response to the Review.**

10 CHANGES TO STATUTORY DISCIPLINARY AND DISMISSAL PROCEDURES FOR PROTECTED OFFICERS

Malcolm Townroe, Clerk to the Fire Authority proposed an amendment to the Authority's Standing Orders to bring in a new procedure for the disciplining and potential dismissal of the Head of Paid Service, Monitoring Officer and Chief Finance Officer (Treasurer).

RESOLVED to:

- (1) **adopt the procedures set out in paragraphs 2.3 to 2.5 of the report, which are in relation to disciplinary matters affecting the Head of Paid Service (Chief Fire Officer), Monitoring Officer and Chief Finance Officer (Treasurer);**
- (2) **amend the Standing Orders of the Authority and the terms of reference of any affected committee to include these provisions. The Clerk to the Authority be authorized to make any and all necessary amendments;**
- (3) **have any decision to suspend the Head of Paid Service (Chief Fire Officer), Monitoring Officer or Chief Finance Officer (Treasurer) be taken by the Chair or Vice Chair of the Authority in consultation with the Monitoring Officer or one of the other 2 statutory officers in the event that the officer proposed to be suspended is the Monitoring Officer.**

11 COMMITTEE OUTCOMES

RESOLVED to note the contents of the report.

12 EXCLUSION OF THE PUBLIC

RESOLVED to exclude the public from the meeting during consideration of the remaining item 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.

13 AMENDMENTS TO THE PERMANENT ESTABLISHMENT

John Buckley, Chief Fire Officer at NFRS introduced a report on amendments to the permanent establishment.

RESOLVED to accept the recommendations in the report.



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

ANNUAL GOVERNANCE STATEMENT 2016/17

Report of the Chief Fire Officer

Date: 22 September 2017

Purpose of Report:

To seek the approval of Members to the signing of the Annual Governance Statement by the Chair of the Authority and the Chief Fire Officer.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 The Fire and Rescue Authority is required to include an Annual Governance Statement within its annual Statement of Accounts. The Annual Governance Statement contains details of the most recent review of governance arrangements and sets out challenges for those arrangements going forwards.
- 1.2 The Authority must approve the Annual Governance Statement each year prior to adopting the Statement of Accounts. Once approved by the Authority, the Chair of the Authority and the Chief Fire Officer can sign the Annual Governance Statement.
- 1.3 For the most part of the financial year 2016/17 the previous Local Code of Corporate Governance was in place. The new Local Code was adopted by the Authority in February 2017. This Annual Governance Statement therefore describes governance arrangements in place throughout the year, incorporating both the previous and the new Local Code, and the annual review of governance has taken account of both frameworks.

2. REPORT

- 2.1 The Annual Governance Statement 2016/17 sets out how the Service has complied with the current local code of corporate governance during the year and also meets the requirements of the Accounts and Audit Regulations 2015 with regards to the preparation and approval of an annual governance statement.
- 2.2 The Annual Governance Statement 2016/17 is attached to this report as Appendix A.
- 2.3 A review of governance was carried out in 2016/17 and highlighted some notable changes which have impacted upon governance. These include:
 - A restructure of some departments within the Service was carried out in 2016/17 and three related functions, which used to be separate departments, have now been brought together within one team: Operational Assurance; Health, Safety and Environmental Risk Management; Business Risk Management. It is expected that this integration will result in more efficient and collaborative working.
 - The Emergency Planning College carried out an audit of business continuity management arrangements, the findings of which have been fed into a business continuity management implementation plan.
 - The Office of Surveillance Commissioners conducted an inspection to check on the Authority's compliance with the Regulation of Investigatory Powers Act (RIPA) and the report was positive, recommending only a few small changes to the Service's current RIPA policy and processes.

- The Authority published its first Efficiency Plan this year, setting out targets for achieving savings over the period of the Medium Term Financial Strategy. This will be updated annually and be included within the Annual Statement of Assurance in future.

2.4 The review identified a number of key future challenges impacting on governance:

- The Policing and Crime Act 2017 received Royal Assent at the end of January 2017 and will be enacted in full by April 2017.
- Another feature of the new legislation is the creation of a new statutory inspectorate for fire and rescue, so it is likely that the Service will be inspected under the new arrangements in 2018/19.
- A new integrated risk management plan will be developed and consulted upon during 2018.
- The European General Data Protection Regulation (GDPR) will come into UK law May 2018.
- Work is already underway to move the Service's information technology infrastructure towards Public Sector Network (PSN) compliance and this work will continue in 2017/18 with improvements to the security of systems and data as a result.
- The review of the Local Code of Corporate Governance identified some areas where further work will need to be done to ensure compliance with best practice.
- Continuing reductions in central government grant means that the Authority will need to make significant savings over the next two to three years at least, whilst continuing to maintain a service that meets public expectations.
- The Service may also be affected by the UK's exit from the European Union, but at this early stage in the process the impacts are unclear.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

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

5. EQUALITIES IMPLICATIONS

The Annual Governance Statement contains the Authority's approach to inclusion and equality as part of its governance framework.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

The Accounts and Audit Regulations 2015, Part 1 Section 6 set out the requirement for an Authority to conduct an annual review of governance and prepare an annual governance statement. It also provides that an Authority must consider the findings of the review and approve the annual governance statement in advance of approving the Statement of Accounts.

8. RISK MANAGEMENT IMPLICATIONS

The governance framework of the Authority is the collection of systems, processes, culture and values which direct and control decision making and policy development within the organisation. The risk of not reviewing governance activity against this framework is that any weaknesses in governance may not be identified and rectified, thereby putting the organisation at risk of not achieving its objectives.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

That Members approve the Annual Governance Statement 2016/17.

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

None.

John Buckley
CHIEF FIRE OFFICER

NOTTINGHAMSHIRE FIRE AND RESCUE AUTHORITY

ANNUAL GOVERNANCE STATEMENT

1.0 SCOPE OF RESPONSIBILITY

- 1.1 Nottinghamshire Fire and Rescue Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, use of its resources and including arrangements for the management of risk and the maintenance of an effective internal control environment.
- 1.3 The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / Solace framework *Delivering Good Governance in Local Government*.
- 1.4 This statement sets out how the Authority has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an annual governance statement.

2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes, cultures and values for the direction and control of the Authority and the activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is part of an on-going process designed to identify and prioritise the risks to the achievement of Nottinghamshire Fire and Rescue Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.3 A key element of the Internal Control Environment is the development and maintenance of Strategic, Corporate and Departmental risk registers which are understood and managed by senior managers.
- 2.4 The governance framework has been in place at the Authority for a number of years and regular reviews have been carried out periodically. In 2016/17 a full review of the Local Code of Corporate Governance was carried out and a new Local Code was adopted in line with the CIPFA / Solace framework which was revised in 2016.

3.0 **THE GOVERNANCE FRAMEWORK**

- 3.1 In addition to the Annual Governance Statement the Authority has a Code of Corporate Governance that the Authority will commit to in carrying out its duties and responsibilities. In this document, officers have identified against each of the Code's principles what source documentation or existing practice demonstrates how the Authority complies with the principles that make up the Code.
- 3.2 In developing a code of corporate governance the Authority had the aim of seeking compliance with the CIPFA / Solace guidelines and recognised that these constitute good practice for local authority organisations.
- 3.3 For the most part of the financial year 2016/17 the previous Local Code of Corporate Governance was in place. The new Local Code was adopted by the Authority in February 2017. This Annual Governance Statement therefore describes governance arrangements in place throughout the year, incorporating both the previous and the new Local Code, and the annual review of governance has taken account of both frameworks.
- 3.4 Summarised below are some of the key elements of the systems and processes that underlie the Authority's governance arrangements:
- 3.5 **Identifying and Communicating the Authority's vision and outcomes for citizens and service users:**
- 3.5.1 After consulting with the citizens of Nottinghamshire and service users, assessing current risks and service priorities, the Authority prepares an Integrated Risk Management Plan (IRMP) that sets out the vision and service objectives for the organisation. The latest IRMP covers the period 2014–2019 and the Authority consults with citizens and other stakeholders to formulate its business plans for each financial year within this plan.
- 3.5.2 The Authority's vision is "Creating Safer Communities" and it strives to deliver this by developing a set of cohesive business plans and working in partnership with others to provide an excellent, affordable service to all the diverse communities of Nottinghamshire. To deliver this the Authority has established six Service Priorities:

SERVICE DELIVERY

We will deliver a professional, effective and value-for-money emergency response service to all those who live, work and travel in the county of Nottinghamshire.

What this means

We will continue to use a risk-based approach to improve our service to individuals, communities and local businesses with an emphasis on creating safer communities, and reducing death and injuries. We will do this through our key themes: preparedness, response, prevention and protection.

EMPLOYEES AND WORKFORCE

We will maintain, support and develop our workforce to ensure an environment in which we can deliver a professional and effective service to the people of Nottinghamshire.

What this means

We will ensure that our employees have the capacity and skills to meet our delivery objectives and provide a work place where our employees feel supported, valued and competent to undertake their roles.

IMPROVEMENT AND GOVERNANCE

We will look to continuously improve upon previous achievements and assure our stakeholders that the organisation has an appropriate infrastructure for governance to support future success.

What this means

With increasing demand for services likely across the public sector, NFRS will be required to base its decisions upon robust intelligence and work alongside its partner/agency service providers in a more collaborative manner.

ENGAGEMENTS AND PARTNERSHIPS

We will look to develop and maintain effective strategic and community partnerships.

What this means

We will continue to work closely with our partners and community organisations in order to identify and keep safe those members of our communities who are most at risk.

ENVIRONMENT

We aim to reduce the Service's impact on the environment through a combination of measures including considering the environment when making decisions, investing in technology and delivering training and education initiatives.

What this means

We will continue to be committed to minimising our impact on the environment by integrating environmental considerations in all aspects of our work, by meeting legal standards, seeking competent advice and adopting best practice.

INCLUSION AND EQUALITY

We will provide services tailored to meet the needs of our communities.

What this means

Nottinghamshire Fire and Rescue Service prides itself on its approach to inclusion and equality. We work on the principle that to treat people equally, we may need to treat them differently.

3.6 Monitoring the achievement of the Authority's objectives through a comprehensive performance management framework:

- 3.6.1 The Service operates a system of cascading business plans. The IRMP is the highest level and from this a series of departmental and functional business plans are produced. Progress against these plans is reported on regularly and Officers report on progress and outcomes to the relevant committees.
- 3.6.2 The Executive Delivery Team, which comprises Heads of Departments within the Service, monitors performance against business plans regularly and reports any issues to the Strategic Leadership Team for consideration.

3.7 The Internal Control Environment:

- 3.7.1 The Authority's internal control environment comprises many systems, policies, procedures and operations. These can be broadly split into risk management, internal check/financial control and internal audit. Internal check and financial control are targeted towards financial matters whereas risk management has a much broader brief and is more associated with the risk of non-achievement of objectives and targets. The system cannot eliminate all risks of failure to achieve the Authority's aims and objectives. Once a risk has been identified the Authority, where possible, will eliminate that risk. If this is not possible or not cost effective then procedures are established to manage the risk effectively, efficiently and economically. Some of the significant control processes are outlined below:

3.7.2 Policy and Decision Making Process

The Authority has democratic control over its activities via an approved committee structure with agreed powers and duties that are periodically reviewed. The Authority has a written constitution that sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable. There is a formal briefing process prior to reports being finalised for Committee or Fire Authority meetings thus allowing key Members an opportunity to scrutinise

proposed reports in detail. The Authority also runs Member seminars and training sessions to help Members discuss issues in more detail and in an informal environment.

3.7.3 Management Structure

The Authority has a clear management structure with defined roles and responsibilities. The Strategic Leadership Team includes all department heads as well as the Principal Officers. The current structure empowers managers to make appropriate decisions but also places accountability at the centre of this process.

The Authority has an Executive Delivery Team which is comprised of all the Departmental Heads and augmented by specialists as required. As part of a more empowering style of management this group has decision making powers with only the most significant or challenging decisions reserved for the Strategic Leadership Team. These arrangements enable good quality decision-making.

The Authority has an approved scheme of delegation to officers that is reviewed periodically by the Chief Fire Officer and the Clerk to the Fire Authority, with any changes being approved by the Fire Authority.

3.7.4 Established Policies, Procedures & Regulations

The Authority ensures compliance with established policies, procedures, laws and regulations. The information regarding policies and procedures is held on the intranet, and these are continually enhanced and developed through the introduction of new policies and procedures as and when required. The Authority has established policies on anti-fraud, fraud response and confidential reporting. The Authority carries out a regular review of financial regulations which clearly define how decisions are taken and the processes and controls required to manage risk. The list below outlines some of the key policies and process in place to enhance the internal control system, which are reviewed as and when required:

- Treasury Management Strategy
- Procurement Strategy
- Financial Regulations & Standing Orders
- Scheme of Delegation
- Anti-Fraud and Anti-Corruption Policy
- Whistleblowing Policy
- Complaints procedure
- Code of Corporate Governance
- Constitution
- Code of Conduct
- Equality and Diversity schemes
- Workforce plan and establishment model
- Full range of robust policies and procedures to underpin the conduct of staff from operational procedures, discipline processes, through to performance development reviews

3.7.5 Internal Audit Function

The Authority has a strong Internal Audit function arrangement with Nottinghamshire County Council, and has well-established protocols for working with External Audit.

3.7.6 Risk Management Strategy

The Authority has a well-established and embedded risk management strategy. This is managed on two levels, firstly at the corporate/strategic level by The Finance and Resources Committee which receives regular reports on risk exposures both in terms of existing and emergent risk. Members scrutinise risk registers and receive explanations for changes. The Committee is advised by the Head of Finance and the Authority's Risk Manager on behalf of the Chief Fire Officer. In addition, the Service also maintains an approach to Risk via its business plan monitoring which is administered through its Corporate Support Department. This ensures the Service's Risk Manager can support departmental heads in robustly assessing the risks to the achievement of the services objectives.

3.7.7 Best Value Duty

The Authority ensures the economical, effective and efficient use of resources, and secures continuous improvement in the way in which its functions are exercised, by having regard to a combination of economy, efficiency, and effectiveness as required by the Best Value duty. The requirement to deliver services within a reducing budget over recent years has increased the focus on Best Value and the Authority has procurement policies in place, providing a framework within which to buy goods and services which offer good value for money.

3.7.8 Financial Management

Financial management in the Authority and the reporting of financial standing is undertaken through a financial system which integrates the general ledger, sales ledger and purchase ledger functions and facilitates good budgetary control. Budget Managers are supported by Finance Officers in the use of this system for monitoring financial performance.

4.0 REVIEW OF EFFECTIVENESS

- 4.1 The Authority has responsibility for conducting a review of the effectiveness of its governance framework including the system of internal control, at least annually. The review of effectiveness is informed by the work of the Strategic Leadership Team and other senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 Maintaining and reviewing the effectiveness of the governance framework throughout the financial year has been carried out by the following:

- The Authority and its Committees
- Management Review
- Internal audit
- External bodies

4.3 **The Authority and Its Committees**

4.3.1 **The Authority**

The Authority has reviewed the vision and strategic service objectives as part of the budgeting process which was undertaken between October 2016 and February 2017. This process also had a measure of Member scrutiny with the Chair of the Finance and Resources Committee taking an active role. At the annual general meeting in June the format and structure of its democratic decision process was reaffirmed and approval was given to the powers and make-up of the following committees:

- The Policy and Strategy Committee
- The Finance & Resources Committee
- The Community Safety Committee
- The Human Resources Committee

In addition to the above there are also panels for appointments, Equalities and Personnel matters

Terms of reference and responsibilities for all of these Committees form part of the Authority's Governance arrangements.

4.4 **Management Review**

4.4.1 Included in the day to day management of the organisation are a number of key officers, systems and procedures designed to provide core elements of the internal control mechanism, with a nominated lead officer responsible for reviewing the effectiveness of these systems.

4.4.2 There is a comprehensive system of performance management and review embedded within the Authority's management structure and processes. The 2014/19 Integrated Risk Management Plan sets out the Authority's key objectives and these are reflected in annual departmental business plans. These plans are then monitored by Corporate Support and managed by the individual departmental management teams.

4.4.3 Risk management at the strategic / corporate level forms part of the overall responsibilities of The Finance and Resources Committee and Members of this committee take a keen interest in Risk Management and receive update

reports every six months. Risk Management is an integral part of project management and business planning within the Corporate Support department and both this and operational risk management are considered strong. The Service also maintains a comprehensive approach to health and safety which is undertaken by the Service's Health and Safety advisor and monitored by the Health Safety and Welfare Committee.

4.4.4 The Authority employed appropriate professional staff:

- A Statutory Monitoring Officer is responsible for ensuring the legality of Authority actions and supporting the Committee decision making process. No actions of the Authority were deemed ultra vires in the year and all relevant laws and regulations have been complied with. The monitoring officer is a qualified solicitor provided on a contractual basis to the Authority by the Legal Services Department of Nottingham City Council. This arrangement also includes support for the Authority's wider governance structure.
- A Responsible Finance Officer has been appointed as the independent Treasurer to the Authority to ensure the proper and effective administration of the financial affairs of the Authority. The Strategic Leadership Team ensures that the Authority approves a realistic and affordable financial plan for both revenue and capital expenditure which links to the IRMP. The Authority continued to ensure it had good arrangements for managing its finances including strong leadership throughout the year. The financial planning process is well embedded and understood across the Authority by staff and Members. An in house financial team managed by the Head of Finance maintains the correct competencies and ensures that the Strategic Leadership Team receives all appropriate information to support the key decisions and objectives of the service.

4.4.5 In addition to the Treasurer the Authority also employs a Head of Finance who fulfils the role of Chief Financial Officer. This post holder is responsible for advising both senior managers and elected members on all financial matters. This is a role shared with the Treasurer who is seen to act independently of the Strategic Leadership Team's advice to the Fire Authority. In reality these two officers work very closely together. Both of these officers are professionally qualified and have many years' experience within Local Government finance.

4.4.6 A full review was most recently carried out in 2015 of the role of Chief Financial Officer and, always accepting that the key statutory responsibilities under Section 114 and Section 112 are held by the Treasurer, all of the principles set out in the CIPFA document *The Role of the Chief Financial Officer* are met.

4.4.7 Budget monitoring remains robust at both strategic and service level via the production of monthly financial monitoring reports for both Capital and Revenue budgets. These reports as well as being scrutinised by budget

managers are also reported monthly to the Strategic Leadership Team and quarterly to the Finance and Resources Committee.

- 4.4.8 Functional Heads also exercise a detailed degree of budget monitoring against the capital programme.
- 4.4.9 The External Auditor approved an unqualified Statement of Accounts for 2015/16 and it is anticipated this will be repeated in 2016/17. A presentation by the Head of Finance on the final accounts by way of a detailed year-end report to the Authority helped to communicate the year-end position to Members in a clear and understandable format.
- 4.4.10 During the year CIPFA / Solace published a revised framework for delivering good governance in local government and the Authority adopted this framework as its new Local Code of Corporate Governance in February 2017, following approval of the Policy and Strategy Committee. A full review of current corporate governance arrangements against the new code was undertaken, and this identified that in most areas the Authority has good processes in place which are well embedded. A few improvements need to be made in order to achieve compliance with best practice as set out in the guidance accompanying the CIPFA / Solace framework and these areas will be worked on during 2017/18 and are listed in Section 5.
- 4.4.11 In addition to the over-arching review of corporate governance, a number of specific areas of governance were reviewed during the year. These included a review of the Authority's Consultation Framework, a new Internal Communications Strategy, a Protective Security Policy and an Environment and Sustainability Policy Statement.
- 4.4.12 Work started on a new performance management framework and this project will continue into 2017/18. The aim of this work is to improve the management of organisational performance and also to increase accountability to the community in respect of the way that services are delivered. An Information Governance Update was presented to the Policy and Strategy Committee in February 2017, where it was agreed that an annual report would be made to that Committee in future to brief Members on information governance issues arising from the Freedom of Information Act, the Data Protection Act and the Regulation of Investigatory Powers Act.
- 4.4.13 The drive to continuously improve internal governance has continued this year, with the Strategic Leadership Team conducting a review of the way it was working and agreeing on improvements for the future. The Service's decision-making framework was also mapped out with the aim of making the governance process more transparent to all employees. Communication of key Service priorities has continued with the introduction of quarterly Middle Manager Briefings designed to provide clear information to those attending, which should be cascaded to the wider Service through team meetings and other conversations with staff. A restructure of some departments within the Service was carried out in 2016/17 and three related functions, which used to be separate departments, have now been brought together within one team: Operational Assurance; Health, Safety and Environmental Risk Management;

Business Risk Management. It is expected that this integration will result in more efficient and collaborative working.

- 4.4.14 In addition to the usual Internal and External Audit reviews, two other inspections were carried out in the year. The Emergency Planning College carried out an audit of Business Continuity Management arrangements, the findings of which have been fed into a Business Continuity Management implementation plan. The Office of Surveillance Commissioners conducted an inspection to check on the Authority's compliance with the Regulation of Investigatory Powers Act and the report was positive, recommending only a few small changes to our current RIPA policy and processes.
- 4.4.15 The Authority published its first Efficiency Plan this year, setting out targets for achieving savings over the period of the Medium Term Financial Strategy. This will be updated annually and be included within the annual Statement of Assurance in future.
- 4.4.16 In August 2016 the Authority did not meet the statutory requirement to send Pension Annual Benefits Statements to members of the Firefighter Pension Schemes by 31 August 2016. The Local Firefighter Pension Board was kept fully informed of the issues causing this breach of regulations and supported the decision to delay sending statements until the information contained within was deemed to be accurate. The breach was reported to The Pensions Regulator, the statements were sent by the end of October 2016 and the matter is now closed with no action taken against the Authority by the Regulator as plans were put in place to rectify the issue as quickly as possible. This issue was reported to the Policy and Strategy Committee during the year.
- 4.4.17 In December 2016 the Authority commissioned a review of governance arrangements for the arms'-length Trading Company, and the results of this review will be reported on in 2017/18.

4.5 Internal Audit

- 4.5.1 The Authority procured its internal audit service under a contract with Nottinghamshire County Council and the arrangement and service was in accordance with the UK Public Sector Internal Audit Standards. The internal audit plan for 2016/17, prioritised by a combination of the key internal controls, assessment and review on the basis of risk, was approved by the Finance and Resources Committee during the year. All internal audit reports included an assessment of the internal controls and prioritised action plans, if relevant, to address any areas needing improvement. These reports were submitted to the Chief Fire Officer, the Head of Finance and the relevant managers as appropriate. All finalised reports were submitted to the Finance and Resources Committee acting in its role as Audit Committee.

The Annual Internal Audit Report, which will be reported to the Finance and Resources Committee during 2017 concluded that:

“From the work carried out during the 2016/17 financial year, we have been able to satisfy ourselves that the overall level of internal control is satisfactory and provides a good basis for effective financial and resource management”.

4.6 External Review

4.6.1 The External Auditors are required by the International Standard on Auditing 260 (ISA 260) to communicate about the audit of the Authority’s financial statements with those charged with governance. This communication is in the form of a written report which was presented to Members in September 2016.

4.6.2 The principal purposes of the Auditors’ report are:

- To present key issues identified during the audit of the financial statements for the year ended 31 March 2016 and any material misstatements in the accounts
- To report on any key issues for governance
- To report on the Auditors’ Value for Money conclusion
- To give an “audit opinion” on the financial statements
- To report on the implementation of any recommendations in the previous year’s ISA 260 report
- To seek approval to the management representation letter, which confirms the Authority’s responsibilities and actions in relation to the financial statements

4.6.3 The ISA 260 report confirmed that the quality of the accounts was good, with no material adjustments required. One key risk was identified prior to the audit, in respect of the new firefighter pension scheme, but the audit work carried out in this area revealed no matters of significance. Three recommendations were made in the report and these are all being addressed as part of the final accounts process for 2016/17.

5.0 SIGNIFICANT ISSUES FOR GOVERNANCE IN 2017/18

5.1 The Policing and Crime Act 2017 received Royal Assent at the end of January 2017 and will be enacted in full by April 2017. This Act has introduced the duty for emergency services to consider collaboration opportunities in all that they do and, although much collaborative work already takes place, this will drive further collaboration over the coming years. The Act also allows Police and Crime Commissioners to take over responsibility for fire and rescue where a local business case is made and this may lead to significant changes in governance in the future. Another feature of the new legislation is the creation of a new statutory inspectorate for fire and rescue, so it is likely that the Service will be inspected under the new arrangements in 2017.

5.2 A new Integrated Risk Management Plan will be developed and consulted upon during next year. The European General Data Protection Regulation (GDPR) will come into UK law May 2018. The service is following the Information Commissioner’s summary of 12 preparation steps for GDPR, and monitoring this through the Protective Security Group. Work is already underway to move the Service’s information technology infrastructure

towards Public Sector Network (PSN) compliance and this work will continue in 2017/18 with improvements to the security of systems and data as a result.

5.3 The review of the Local Code of Corporate Governance identified some areas where further work will need to be done to ensure compliance with best practice. The main areas, which will be addressed during 2017/18, are:

- The creation of a Collaboration strategy / framework
- A Communications strategy which addresses external communications
- Review of the terms of reference for the Finance and Resources Committee against the “Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013)”

5.4 Continuing reductions in central government grant means that the Authority will need to make significant savings over the next two to three years at least, whilst continuing to maintain a service that meets public expectations. The Authority’s prudent financial management, as set out in the Medium Term Financial Strategy, will allow it to phase in the impact of budget reductions in a manageable way. The Authority accepted the government’s offer of a four year financial settlement covering the period up to 2020, however following the general election on 8th June 2017 the next parliamentary period will extend to 2022 and it is possible that a new government may commission a further spending review to cover the longer timescale. It is also a possibility that the four year settlement could be rescinded by a new government. The Authority is expecting austerity to be a continuing theme and future financial planning will take account of this.

5.5 The Service may also be affected by the UK’s exit from the European Union, but at this early stage in the process the impacts are unclear. The risk associated with “Brexit” is on the Authority’s strategic risk register and will continue to be monitored and managed as appropriate.

5.6 During the coming year, the Service will seek to address the above matters through its current structures and processes to further enhance governance arrangements.

Signed.....

Councillor Brian Grocock
CHAIRMAN

Signed.....

John Buckley
CHIEF FIRE OFFICER



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

FINAL ACCOUNTS 2016/17

Report of the Treasurer to the Fire and Rescue Authority

Date: 22 September 2017

Purpose of Report:

To present the final accounts of the Nottinghamshire Fire and Rescue Authority to the full Fire Authority for approval.

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1. BACKGROUND

- 1.1 The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The full Fire and Rescue Authority must approve the audited Statement of Accounts before 30 September following the financial year end.
- 1.2 This report is issued as a covering paper to the final accounts which are appended in full as Appendix A.
- 1.3 At its meeting on 7 July 2017 the Finance and Resources Committee received a provisional outturn report setting out that the estimated out-turn underspend against the budget would be of the order of £431k subject to any accounting adjustments. The final out-turn for the year is a revenue budget underspend of £431k, there were no final adjustments after the completion of the audit.

2. REPORT

THE CORE STATEMENTS IN THE ACCOUNTS

- 2.1 There are four core statements in the Statement of Accounts, and these are on pages 26 to 31 of the Accounts. The core statements show references to disclosure notes within the Accounts which give further information and explanations about the figures within the core statements.
- 2.2 The Movement in Reserves Statement shows the movement in the year on the Authority's various reserves, analysed into "usable" and "unusable" reserves. The usable reserves total £13.5 at 31 March 2017, including the General Reserve and Earmarked Reserves and these are available to be spent by the Authority in the future. This statement also shows how the net deficit on the provision of services is adjusted in accordance with accounting regulations to give the net increase in the General Reserves of £431k for the year.
- 2.3 The Comprehensive Income and Expenditure Statement shows all of the items of income and expenditure which constitute the accounting cost in the year of providing services. Although this Statement shows a deficit of £9.2m, this does not represent the cost to taxpayers, as the deficit is adjusted in accordance with accounting regulations to give the net underspend of £431k, which is the total underspend against the revenue budget.
- 2.4 The Balance Sheet shows the value of the Authority's assets and liabilities at 31 March 2017. The Authority's net assets are matched by the Authority's reserves. Paragraph 2.13 below gives further explanation of the Pensions Reserve on the Balance Sheet.

- 2.5 The Cash Flow Statement shows the changes in cash (and cash equivalents) during the year and shows how the Service's activities generate and use cash.
- 2.6 On pages 103 and 105 of the Accounts are the Pension Fund Statements which show the transactions in the year on fire-fighter pensions and the assets and liabilities as at 31 March 2017 (although not the future liabilities due after the period end – see paragraph 2.13 below).

THE NARRATIVE STATEMENT

- 2.7 The Narrative Statement gives a useful overview of both the Accounts themselves and the Authority's activities during the year and beyond from a financial viewpoint. The foreword sets the context for the Accounts and is therefore a useful starting point for someone reading the Authority's accounts for the first time. The performance data in the Narrative Statement can be seen on pages 3 to 19.

REVENUE EXPENDITURE

- 2.8 The Authority set a revenue budget of £41.1m for 2016/17 and the end of year position shows an underspend of £431k against this budget (a variance of just over 1%). A more detailed explanation of the main reasons for the variance is included within the Narrative Statement on pages 12 to 14 in the Statement of Accounts at Appendix A, but the most significant variances was the underspend of £263k on the retained duty system which mainly resulted from a change in an accountancy policy for payroll accruals – the policy change has been effected to assist with faster closedown of the accounts from 2017/18, as required by regulation, this has resulted in £212k being used to create an earmarked reserve to offset new initiatives to encourage retention and changes in working arrangements going forward. A net underspend on pensions of £100k is due to ill health charges for four employees who retired in 2014/15, partially being offset by an underspend on injury pensions as there have been no new cases this year. The fuel budget underspent by £126k due to a reduction in incidents numbers leading to reduced consumption of fuel.

2.9 The table below shows the underspend and how this relates to the funding for the year.

	Budget 2016/17 £000's	Actual 2016/17 £000's	Variance from Budget 2016/17 £000's
Expenditure:			
Net expenditure	41,197	40,766	(431)
Financed By:			
Revenue Support Grant	(8,867)	(8,867)	0
Non Domestic Rates	(9,918)	(9,918)	0
Precept from Constituent Authorities	(22,349)	(22,349)	0
Net	0	0	(431)

CAPITAL EXPENDITURE

2.10 The Capital Programme for 2016/17 was £5.9m and spending against this was £2.0m resulting in an underspend of £3.9m, which was reported to Finance and Resources Committee during the year. The Narrative Statement in the Statement of Accounts includes an analysis and an explanation of this variance.

RESERVES

2.11 The total balance of Earmarked Reserves at the end of the financial year was £4.8m. During the year new Earmarked Reserves were created either to carry forward unspent grants or donations or to set aside funds for specific purposes. A number of Earmarked Reserves were at least partially utilised in the year and, overall, the level of Earmarked Reserves increased by £1.393k in the year. A more detailed explanation of the Earmarked Reserves is included within the Statement of Accounts on pages 56 and 57, Appendix A.

2.12 Some significant additions were made to Earmarked Reserves in the year: the Emergency Services Network was increased by £892k government grant was received during the year to fund this project, the creation of this earmarked reserve allows the project to be funded in future years. A new Retained Pay Reserve was created with £212k to offset the new initiatives to encourage retention and changes in working arrangements going forward.

PENSIONS

2.13 Standard accounting practice requires the Authority to show the full future pensions liabilities at the time that these liabilities are earned by employees. An independent actuary has assessed the liabilities for pension schemes in which the Authority participates, namely the Firefighters' Pension Schemes and the Local Government Pension Scheme. The schemes are currently in deficit, which shows as a total liability (Pensions Reserve) of £558m on the

balance sheet. The largest element of this liability relates to the Firefighters' Pension Schemes which stands at £535m.

- 2.14 The Firefighters' Pension Schemes are unfunded and the annual cost of benefits is paid for mainly by employee contributions and employer contributions. The Department for Communities and Local Government meets any annual shortfall i.e. if the contributions into the fund do not meet the cost of pensions paid in the year. The Authority is required to continue to show the liability in respect of the Firefighter Pension Schemes in its Balance Sheet and notes to the core financial statements.

GENERAL RESERVES

- 2.15 The General Reserve for the Authority, after taking account of the underspend for the year of £431k, stood at £7.837m at 31 March 2017.
- 2.16 The overall position shows that the stewardship of net spending has been achieved within the revenue budget and has continued to support the implementation of the Community Safety Plan (IRMP). Variances against both Capital and Revenue budgets have been reported to the Finance and Resources Committee throughout the year.

NOTTINGHAMSHIRE FIRE SAFETY LIMITED (FORMERLY CALLED NOTTINGHAMSHIRE FIRE AND RESCUE SERVICE (TRADING) LTD)

- 2.17 Nottinghamshire Fire Safety Limited is an arm's length trading company, established by the Authority, whose main activity is to sell fire extinguisher maintenance services to external customers. The financial statements for this company are attached as Appendix B.
- 2.18 This is the Trading Company's fifth full year of trading and the declared profit after taxation is £26,010 Contributions in the region of £58k have also been made to the benefit of the Fire Authority for the Company's use of support services and assets. This offsets some of the costs of these services falling on the Fire Authority itself. A dividend of £10.6k was paid to the Fire Authority as sole shareholder during the year, leaving cumulative Retained Earnings of £218,839. Members are requested to note the outturn.

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

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

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been carried out because this is a report of the Authority's financial performance for the 2015/16 financial year rather than a new or amended policy.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 The production of Final Accounts is fundamental in demonstrating a sound financial position for any organisation. The "snapshot" provided by annual accounts which can be independently audited provides both stakeholders and elected Members with a significant level of assurance in this area.
- 8.2 The level of working balances and reserves, as shown in the accounts, will enable the position set out in the medium term financial strategy to be sustained.
- 8.3 Detailed aspects of financial risk management are set out within the body of the report.

9. COLLABRATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

- 9.1 That Members approve the Statement of Accounts for 2016/17, as attached at Appendix A.
- 9.2 That Members note the financial results for the 2016/17 year for Nottinghamshire Fire Safety Limited, as attached at Appendix B.

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

None.

Geoff Walker
TREASURER TO THE FIRE AUTHORITY



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Statement Of Accounts 2016/17

**NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY
STATEMENT OF ACCOUNTS 2016/17**

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NARRATIVE STATEMENT

Introduction

This Narrative Statement introduces the Statement of Accounts 2016/17 for the Nottinghamshire and City of Nottingham Fire Authority, which was formed as an independent body on 1st April 1998 following local government reorganisation. I write it as the independent Treasurer to the Fire Authority and as the Officer designated under Section 112 of the Local Government Act 1972. My role is to act on behalf of the Authority in providing oversight and ensuring legal compliance and governance in respect of accounting and financial matters which affect the Authority.

This Statement contains a number of sections. It is intended to give the reader of these accounts a clear overview of the Authority's financial performance in the year and also to put the Authority's non-financial performance into the context of the financial results. I believe that readers of the accounts will be interested in the financial performance in the year and in how this relates to the delivery of services to our communities. I also recognise that the accounts of the Authority can be quite daunting for readers, especially those who are unfamiliar with accounts in general and local government accounts in particular, so I hope that in taking the time to read my statement you will be able to better understand how these accounts are constructed and how best to read and interpret them. I will also explain more about what the core financial statements mean and explain how the notes to the accounts provide the reader with the detailed information to support those core statements which, by their nature, are summarised.

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which is published by CIPFA.

Organisational Performance

Background

The Authority has a number of key plans which together enable the organisation to deliver its overall objective of creating safer communities. The Integrated Risk Management Plan (IRMP) 2014-2019 sets out the key priorities for the Authority and focuses particularly on the delivery of services to the community. The Medium Term Financial Strategy includes budgets for the next three years which support the delivery of services but within the context of financial sustainability. The Workforce Plan looks ahead to future changes in the workforce and plans for sufficient numbers of competent employees to deliver services. These plans are all available on our website www.notts-fire.gov.uk.

These plans are all influenced by changes in risk and demand which themselves arise from external changes in the society around us. Examples of these are demographic changes which may affect where and how services have to be delivered, environmental changes which may result in increased risk of floods and economic changes such as the current period of austerity. The Authority is a dynamic organisation, which has to be ready to respond to these changes and still maintain high quality services.

Financial Performance

In terms of overall financial performance, I am pleased to report an underspend against the revenue budget for 2016/17 of £431,000 (total revenue budget was £41,294,863). When the total revenue budget was approved by the Fire Authority in February 2016 it was on the basis that a £98k deficit in the budget would be supported by a transfer from general reserves, resulting in a net revenue budget of £41,197k. This was in line with the Medium Term Financial Strategy which sets out as a principle that financial planning will take account of the possible use of reserves to minimise the effect of reductions in funding as a means of transition. However, the underspend achieved during the year has rendered the £98k transfer from general reserves unnecessary. Once again managers have focused on driving down costs in anticipation of further budget cuts to come and early savings have been driven out. Around 75% of the total revenue budget is spent on pay so it is inevitable that reductions in funding will have impacted on the Authority's employees.

An example of this is the on-going redesign of some of our support services to create efficiencies. Only one redundancy was effected in 2016/17, as a result of down-sizing Prince's Trust activity by the Authority to reflect decreasing income levels. In addition there were some pension strain costs arising from redundancies in the previous year. Again this has delivered on-going savings to the budget, as shown in the table below.

	Redundancy & Pension Strain Costs in Year £000's	Ongoing Annual Revenue Budget Savings £000's
2016/17	70	58
2015/16	472	301

There was an increase in the number of incidents in the year, which resulted in an increase in mobilisations of Retained Duty System employees and this in turn has driven the costs associated with the Retained Duty System upwards, although the cost per mobilisation has reduced due to economies of scale. Further detail about the reason for these increases is given below:

	Headcount of Retained Firefighters at 31st March	Retained Duty System Pay Costs in Year £000's	Number of Retained Mobilisations in Year
2016/17	125.5	2,646	2,495
2015/16	131.5	2,572	2,279

There has been a 13% increase in the number of incidents in 2016/17 due to increases in false alarms, secondary fires and the Emergency First Responder trial. This aspect of the Authority's performance does not necessarily relate to the cost of delivering a front-line response because the Fire and Rescue Service is based on risk, with Wholetime Duty System employees ready to respond regardless of the actual numbers of incidents. An incident may comprise a single fire appliance attending a road traffic collision or a number of fire appliances attending a large scale incident. Nevertheless the management of the Wholetime Duty System pay budget is a key measure of performance because it is the largest budget of the Authority, and this year saw an overspend of £175k, which represents less than 1% of the budget.

Also this year, the budget for Wholetime staff reduced as a result of the restructure of the Specialist Rescue Team, as well as the deletion of surplus vacant posts and these initiatives have delivered

	Incident Numbers	Wholetime Duty System Budget £000's	Budget Variance £000's	Budget Variance %
2016/17	11,016	21,493	175	0.8%
2015/16	9,750	22,232	92	0.4%

In addition to responding within the County and City, the Fire and Rescue Service has an obligation to support other Services in times of need. For example, Nottinghamshire crews were deployed to Norfolk to help prepare for the threat of major flooding in January 2017. We have been able to recover the additional costs of attending this incident from Norfolk County Council, and this amounted to £6k. Similarly, when we need additional resources these can be called in from other Services.

Fire Protection work is aimed at protecting people who work in, use and visit non-domestic buildings and this year has seen an overall increase in the number of fire safety inspections (see table below) as a result of new employees completing their training. Over the past few years opportunities have been taken to reduce the cost of Fire Protection activity by converting posts from "operational" to "civilian" and this occurred again during the year with one Fire Inspection Officer post conversion. It is positive that the number of fires in non-domestic properties has decreased this year and we hope that this will continue as we focus on risk-based inspections and efforts to educate business owners about the importance of fire safety.

	Number of Fire Safety Inspections	Number of Primary Fires in Non-Domestic Properties
2016/17	588	288
2015/16	384	320

Community safety work is focused on keeping people safe and is carried out by both operational crews, and by specialist community safety staff. Although it is difficult to prove cause and effect, it is generally accepted that community safety work has contributed to the on-going fall in the number of fires. The table below shows that the number of Home Safety Checks (HSCs) carried out by our staff increased this year, although the proportion in higher risk properties fell. Many HSCs are delivered following referrals from both other agencies and our own Persons At Risk Team and this result reflects the difficulties inherent in targeting those people in the community who are most at risk. The number of fire-related injuries stabilised this year and that number is still relatively low. Next year will see the start of a pilot scheme to deliver "Safe and Well" checks to those in our communities who are most at risk of both fire and ill health.

	Number of Home Safety Checks (HSCs) in Year	Proportion of HSCs in High Risk Dwellings	Number of Fire-related Injuries in Dwellings in Year	Number of Fire Prevention Activities & Campaigns in Year
2016/17	4,221	23%	37	4,454
2015/16	3,845	28%	37	6,121

The Authority has a complaints process and we do occasionally receive complaints from the public, but I am pleased to note that the number of complaints fell in 2016/17. There was no particular pattern to the nature of complaints received, but every one is investigated by an Officer, who then responds to the complainant.

	Number of Complaints in Year
2016/17	15
2015/16	25

The performance statistics used in my statement have been collected from our core management information systems such as the incident recording system, the mobilising system and our human resources and financial systems.

Risk Management

Risk management processes are well embedded in the Authority. A comprehensive set of risk registers is monitored regularly by senior managers and elected members. By its nature, risk will change over time and in response to both external and internal pressures. It is important, therefore, that the Authority's managers remain alert to these developments and the emerging risks. In times of austerity and organisational restructuring, there is a possibility that control measures which had previously been seen as satisfactory may become eroded as resources reduce. I am pleased to report that the Authority has clearly recognised this issue and has responded accordingly. Examples of emerging or changing risk, as evidenced by the Authority's corporate risk register, are:

- A new risk has been added in respect of the introduction of the Emergency Services Network. This reflects the requirement to successfully introduce the government's communications solution and to work collaboratively.
- New work has been identified for the "availability of resources" risk. Business continuity management arrangements are being refreshed with the aim of providing a robust system, and the ICT infrastructure is being aligned with ISO27001 standards.
- The introduction of National Operational Guidance has impacted on the risk of "health, safety and welfare" as existing safe systems of work are standardised and new processes introduced. In pursuit of continual improvement, it has been identified that there is a need to refresh and promote the safety management system.
- The "working at height" action plan, resulting from an earlier audit, has been implemented and a re-audit will confirm whether this has been effective.
- The Road Risk Group continues to lead on improvements in the management of the risks arising from "the use of vehicles on Authority business". Work is in progress to ensure clarity in the reporting and investigation of accidents.

Value for Money

Reducing levels of government grant funding over the past few years, and restrictions on the level of council tax which can be raised, have resulted in an increased emphasis on seeking value for money in all that we do. By this I mean that we have to find a balance between economy (spending less money), efficiency (working smarter) and effectiveness (delivering relevant services). I can give some examples of value for money initiatives in 2016/17:

- A number of our fire stations are now used by East Midlands Ambulance Service staff. Ambulances can be parked at our stations and the ambulance crews are able to use our facilities in between calls. This has resulted in income for the Authority of £42k in 2016/17 (£31k in 2015/16)(£37k 2014/15).

There has continued to be a strong focus on effective procurement to drive down the costs of what we do wherever possible. Examples of savings generated in the year are: £33k saving following early tender of the Microsoft agreement to avoid 13% price increase; £14k saving on the initial purchase of London Road gym equipment following a robust procurement process; £5k for reconditioning and cleaning of the fire boots; £33k following a revaluation of the blue light fits that is now being carried out at Carlton Fire Station.

Comprehensive Income and Expenditure Statement

This statement brings together all of the items of income and expenditure which constitute the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This is not the same as the net cost to be funded from council tax. The reader may wish to refer to the Movement in Reserves Statement to find out the net increase or decrease to the General Fund Balance, which is effectively the underspend or overspend against the revenue budget for the year, and is a £431k underspend for 2016/17.

Expenditure and Funding Analysis

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority at 31st March. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority and thus the Balance Sheet is "in balance". The reader will notice that the total on the Balance Sheet is a negative figure of £509.065m, which means that the Authority's liabilities exceed its assets. This would usually be a cause for concern, however in this case the large liability in question relates to future pension liabilities (£558.299m) which at present are funded by Central Government. The underlying financial position of the Fire Authority is a strong one because when this pension liability is excluded, assets exceed liabilities by £49.234m.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority analysed into usable reserves, which can be applied to fund expenditure or reduce local taxation, and other reserves. The Authority holds reserves for two reasons. There are always issues which may arise for which the Authority has no specific budget but in order that these "one off" type events do not unduly impact upon a single year's budget it is wise to maintain some money to deal with these events should they occur. These are what are known as General Fund Balances. Similarly, the Authority may wish to hold back sums of money because it knows that certain items of expenditure will occur but that these are of a "one off" nature and it is uncertain as to when they will occur. These are called earmarked reserves because they are for a specific purpose. As Treasurer I am required to assess the adequacy of these reserves to meet future events and issue a statement annually to that effect. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. Adjustments are then made to the Surplus (or Deficit) on the Provision of Services to recognise the fact that the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes are different. The Net Increase (or Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

It is important to note that some of the Authority's reserves which appear on the balance sheet cannot be used to fund expenditure. An example of an unusable reserve would be the Revaluation Reserve, which contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The Authority held £7.8m in General Reserves as well as £4.9m in Earmarked Reserves as at 31st March 2017.

Cash Flow Statement

This statement, as its name suggests, shows the changes in cash and cash equivalents of the Authority during the reporting period. The starting point for this statement is the net surplus or deficit on the provision of services shown in the Comprehensive Income and Expenditure Statement, as this might suggest what the movement in cash balances has been. There are however a number of charges that are made to the revenue account that are not cash transactions and that merely result in a transfer of funds between the balance sheet and the revenue account. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority. The resultant figure shows the real movement in cash during the year, which is an increase in cash of £0.96m.

Pension Fund Account

This statement shows the income and expenditure for the year relating to the Firefighters' Pension Schemes. The net amount payable for the year i.e. the extent to which pension benefits payable exceeded contributions, is £10.233m.

Pension Net Assets Statement

This statement shows the net current assets and liabilities arising from the operation of the Firefighters' Pension Schemes. This statement does not take account of liabilities to pay future pensions and other benefits after the period end. Such liabilities are shown in the Authority's Balance Sheet, as explained above.

Annual Governance Statement

This statement sets out the Authority's responsibilities with regard to corporate governance and gives details of key elements of corporate governance in place during the year. It also summarises the Authority's review of the effectiveness of its governance framework, measured against the CIPFA / SOLACE framework, and in which issues for action are highlighted.

Key Figures with the Core Statements

Revenue Budget Underspend: this was £431k for 2016/17, with the main reasons for this variance given in the section below "Significant Variances".

Cost of Services: this was £44.817m for 2016/17 (£51.963m 2015/16) and is shown in the Comprehensive Income and Expenditure Statement. The reason for the lower expenditure in 2016/17 was past service costs of £252k compare with just under £5m in 2015/16. These past service costs, which do not impact directly on the General Fund, relate to the pension schemes:

£1.82 m (2015/16) relates to the payment of backdated benefits to members of the 1992 Firefighter's Pension Scheme following a ruling by the Pension Ombudsman in the GAD v Milne case relating to commutation factors. The impact of this was fully accounted for in 2015/16.

£2.71m (2015/16) relates to the purchasing of back service credits by members of the Modified 2006 Firefighters' Pension Scheme. This cost has decreased to £501k in 2016/17.

£252k in 2016/17 relates to the refund of contributions to members of the 1992 Fire fighters pension scheme who had continued to contribute to the pension scheme beyond the point at which they had accrued maximum pensionable service.

Total Net Assets: this was £509.065m for 2016/17 (£403.297m 2015/16) and is shown on the Balance Sheet. The main reason for the movement between the 2 years was a £109m Increase in the pension liability.

Total Usable Reserves: this was £13.355m for 2016/17 (£11.242m 2015/16) and is shown on the Balance Sheet.

Debtors: this was £5.826m for 2016/17 (£3.949m 2015/16) and is shown on the Balance Sheet. The main reason for the movement between the 2 years was an increase of £1,656k in the amount owed by the pension fund to the general fund, based on 2016/17 unaudited pension fund statements.

Creditors: this was £2.544m for 2016/17 (£3.443m 2015/16) and is shown on the Balance Sheet. Although there was a relatively small movement between the 2 years within this were some significant movements. As a result of a change in accounting policy the authority has not accrued for overtime and retained work payable in arrears that outstanding at the end of 2016/17. The amount that was accrued for this in 2015/16 was £240k

Summary of the Year

A summary of the Fire Authority's overall financial results is given in the following paragraphs:

Revenue Income and Expenditure

Revenue expenditure describes the day to day costs of running the Authority and includes items such as employees' pay, running costs of buildings and vehicles and office expenses. The Authority set a revenue budget of £41.295m for 2016/17 and the position at the end of the year shows an underspend of £431k. The outturn represents a variation to the original budget of just over 1% and the reasons for this variance are explained below.

The 2016/17 year was another challenging one financially, with the amount of grant funding from Central Government again being reduced, and further grant reductions expected in future years. When the 2016/17 revenue budget of £41.197m was approved by the Fire Authority in February 2016 it was on the basis that a budget deficit of £98k would be supported by general reserves in order to balance the budget. This was in line with the Medium Term Financial Strategy which sets out as a principle that financial planning will take account of the possible use of reserves as a transitional measure to minimise the impact of reductions in funding. The Authority's underlying financial position remains strong.

	Budget	Actual	Variance from Budget
	2016/17	2016/17	2016/17
	£000	£000	£000
Net Expenditure	41,197	40,766	(431)
Financed By:			
Revenue Support Grant	(8,867)	(8,867)	0
Non Domestic Rates	(9,981)	(9,981)	0
Precept from Constituent Authorities	(22,349)	(22,349)	0
Net			(431)

Variances against the budget have arisen in the following areas (only significant variances are detailed):

Explanation of variances

The amount of the revenue budget underspend in total is £431k, which is relatively small at just over 1% of the overall budget, although within this are a few significant over and underspends.

Wholetime operational pay overspent by £175k due to the additional pre-planned overtime required to maintain cover with less employees in post than the approved establishment. The under-establishment of employees supports the strategy of allowing numbers to fall in anticipation of delivering further pay budget savings over the next two years.

Retained duty system pay underspent by £263k in total, of which £51k related to numbers of employees being less than budgeted for in the year. The remaining underspend of £212k arose as a result of a change of accounting policy for payroll accruals - the policy change has been effected to assist with faster closedown of the accounts from 2017/18, as required by regulation. The £212k underspend has been used to create an earmarked reserve, to be used in 2017/18 to offset the new initiatives to encourage retention and changes in working arrangement going forward.

The underspend of £100k on pensions is due to ill health charges for four employees who retired in 2014/15, partially offset by an underspend on injury pensions as there have been no new cases this year.

For premises budgets there was an overspend of £135k on backlog building maintenance. This work was supported by an earmarked reserve, which has not been used to fund the overspend as there is sufficient underspend in the revenue budget overall to cover this expenditure. The gas budget underspent by £79k due to the mild weather this year.

The fuel budget underspent by £126k due to a reduction in incident numbers leading to reduced consumption of fuel.

There were several areas of underspend within the supplies and services category of expenditure, including: operational equipment £62k where items were ordered but not received until after year end; protective clothing £94k due to refurbishment of clothing rather than replacement and also fewer numbers of employees recruited than expected and consultancy fees re organisational development initiatives where procurement has been delayed (£105k).

There is a negative variance against the Non Domestic Rates Growth Income budget of £141k. This is due to the reimbursement of previously overpaid growth income back to the Billing Authorities, after the realisation that the methodology for calculating and distributing this income was flawed.

Government Grant -Revenue, there is a positive variance against this budget of £1,142k. The majority of this variance relates to revenue grant received from government in the year for the Emergency Services Mobile Communications project - £1,070k, which was not anticipated at the time the budget was approved. A further £52k variance is in respect of FireLink grant, which has been increased by government to reflect higher running costs.

In total, the net change to earmarked reserves in the year was a net contribution to reserves of £1,394k. The biggest single new reserve created was in respect of the national Emergency Services Mobile Communications project, for which government grant was received during the year totalling £1,070k. The creation of this earmarked reserve allows for unspent grant of £950k to be carried forward to future years to fund this project.

Secondment income showed a positive variance of £56k due to two seconded posts being agreed during the year. In addition the amount received for recovery of court costs from fire safety order enforcement action was £48k higher than budgeted for. Capital financing budgets underspent by a net £175k, due to an overspend on the previous year's capital programme, which was more than offset by an underspend on interest charges resulting from borrowing taken later than planned and at advantageous rates compared to budgetary assumptions.

Capital Expenditure

Capital expenditure describes the purchasing, upgrading and improvement of Fire Authority assets. These assets are known as "non current assets" and they provide a benefit to the Authority over a longer period of time than the current financial year. During the year, the following major non current assets were acquired or upgraded (including assets under construction as at 31 March 2017):

	2016/17
	£000s
Fire Appliances	68
Operational Equipment	263
London Road Fire Station	940
Mobilising System	7
Other Assets	770
Total	2,048

The Fire Authority had a Capital Programme for 2016/17, which detailed the capital expenditure projects to be undertaken in the year. A summary of the Capital Programme and actual expenditure for the year is shown below. The Capital Programme amounts include slippage of £4.2m (budgets carried forward) from 2015/16:

	Capital Programme	Actual	Variance from Budget
	2016/17	2016/17	2016/17
	£000	£000	£000
Property Programme	2,569	1,226	(1,343)
Transport Programme	2,335	107	(2,228)
Equipment	157	263	106
IT and Communications Programme	923	452	(471)
Total	5,984	2,048	(3,936)

Significant Variances

The Property programme underspent by £1.343m. London Road fire station underspent by £663k, part of this underspend is due to the money set aside for the project risk contingency, this is not known until the project is completed, the only amount required to be slipped into 2017/18 is £120k for the retention payments, due in August 2017.

The project for Newark and Hucknall fire station were still in the feasibility stage at the end of the year and the total amount of £588k will be slipped into 2017/18.

The Transport programme underspent by £2.2m and this variance mainly related to The replacement programme was under review to consider alternative fleet options to meet the objectives of the Sustainability Strategy 2020 and the operational need for vehicles required for Service Delivery. The outcome of this work will determine the type and number of vehicles within the long term vehicle replacement plan and should be known early in the next financial year.

The Information and Communications Technology programme also underspent during the year, by £0.4m. Most projects either completed in the year or made good progress, but budget will be slipped forward to fund the business process automation and other business systems.

Financing of Capital Expenditure

The Authority borrowed £3m in August 2016 and a further £2m in February 2017, and repaid £2.075m of debt to the Public Work Loans Board (PWLB). The Authority's level of borrowing at the year end was £23.262m, with £9.490m of this held as investments and not yet applied to finance capital expenditure. This compares to long term assets on the Balance Sheet valued at £60.036m. The capital financing requirement as at 31 March 2017 is £23.885m, which demonstrates that the current level of net borrowing is prudent.

During the year, capital expenditure was mainly financed by Capital Receipts and Capital grant.

Earmarked Reserves

Several earmarked reserves have been created for specific projects which will take place in 2017/18 and beyond. The effect of this will be that these earmarked reserves will support the 2017/18 budget and allow certain non-recurrent expenditure to take place. Earmarked reserves have been funded from two sources – they either arise from grants or donations received which have not been spent by the end of the year or they are created from within the revenue budget. The earmarked reserves held by the Authority are shown in note 11.

Pension Funds

Standard accounting practice requires the Authority to show the full future pensions liabilities at the time that these liabilities are earned by employees. An independent actuary has assessed the liabilities for pension schemes in which the Authority participates, namely the Firefighters' Pension Schemes and the Local Government Pension Scheme. The schemes are currently in deficit, which shows as a total liability of £558.299m on the balance sheet. The largest element of this liability relates to the Firefighters' Pension Schemes and stands at £535.180m. The Firefighters' Pension Schemes are unfunded and the annual cost of benefits is paid for by employee contributions and employer contributions. The Home Office meets any annual shortfall i.e. if the contributions into the fund do not meet the cost of pensions paid in the year. The Authority is required to continue to show the liability in respect of the Firefighter Pension Schemes in its Balance Sheet and notes to the core financial statements.

Other Significant, Material and Unusual Items

The project to build a new fire station at London Road to replace the Central fire station completed during the year, and crews moved into the new station in September 2016. Nottingham City Council's Emergency Planning Team also occupy office space within the fire station. Central Fire Station and its land was sold to Nottingham City Council during the year and a capital receipt of £2.5m was received in March 2017.

The Authority approved a proposal to build a new fire station at Newark, on the site of the existing station which is now beyond its original planned life expectancy. Planning permission for the project has been granted and, following a tender process, a building contractor has been appointed. Completion of the new fire station is expected to be around March 2018.

Some key work was carried out in the year relating to the Emergency Services Mobile Communications Programme, which is the national project to provide the next generation communication system for the three emergency services. An employee of the Authority was seconded to work at a national level on this project and other employees have been contributing to work at a regional level. A key focus has been on ensuring that our ICT infrastructure and systems will comply with the requirements of the Public Services Network and this work continues into 2017/18.

Planned budgetary reductions continued in the year, with a restructure of the Specialist Rescue Team implemented on 1st April 2016. Further savings for 2017/18 onwards emerged during the budget process.

The Authority's pension liability, shown on the Balance Sheet, has increased from £449.0m last year to £558.2m at 31st March 2017. This change is also reflected in the Comprehensive Income and Expenditure Statement on the line "Remeasurements on the net defined benefit pensions liability", which shows remeasurement loss of £99.8m for 2016/17. The main reason for this remeasurement loss is that there has been a material decrease in the interest rate used to discount post-employment benefit obligations. The effect of this change to the financial assumptions has been a significant increase in the pension liability. The discount rate assumption is based on corporate bond yields at the reporting date.

During the year, the Government settled a case brought by the Fire Brigades Union regarding the pension contributions paid by firefighters employed before the age of 20 who have served for over 30 years before reaching the minimum retirement age of 50. The case was brought because employees in this position cannot accrue more than 30 years of pensionable service in the FFPS 1992. The pension regulations for the FFPS 1992 have been amended so that members do not pay more than 30 years' worth of pension contributions and the change has been backdated to 1 December 2006 which means that overpaid contributions have been refunded to affected individuals, with the Government funding these payments. This exercise was largely completed during the year and its impacts are shown in the Pension Fund statements and disclosure notes.

Economic Climate

The financial year 2016/17 saw some economic turmoil following the EU referendum in June 2016, with an immediate fall in confidence indicators and the lowering of the Bank Rate from 0.5% to 0.25%. However there was a recovery in confidence in the autumn and some growth in the UK economy is now anticipated. The Government triggered Article 50 in March 2017, which started the process of negotiations around Britain's exit from the European Union, however these negotiations will take up to two years and there is as yet no certainty about the outcomes and the impacts on this Authority of the decision to leave the European Union.

The government's Public Sector Borrowing Requirement deficit elimination timetable will slip further into the future, as the Chancellor announced that the target of achieving this by 2020 would be eased. This gives an indication that austerity for the public sector will continue beyond this date. PWLB rates were volatile in the year as a result of the economic uncertainty.

The value of sterling declined significantly and this decline started as soon as the EU Referendum was announced. This has led to an increase in inflation and the potential next year for pressure on pay inflation. The Authority has recognised the risk of inflation increases in its strategic risk register.

The Authority has a Medium Term Financial Strategy in place - its reserves are sufficient to withstand any short terms changes in the funding regime and a Sustainability Strategy has been set out which is designed to respond to anticipated reductions.

Other Published Financial Information

Summarised financial information, which is extracted from this Statement of Accounts, will be published on the Authority's website (www.notts-fire.gov.uk) following completion of the audit and before 30 September 2017. In addition, details of all transactions over £250 in value are published on the Authority's website, in line with the Government's transparency code for public bodies

Nottinghamshire Fire Safety Limited

The Authority established an arm's-length trading company, which began operating on 1 September 2010. The company was called "Nottinghamshire Fire and Rescue Service (Trading) Limited" but changed its name to "Nottinghamshire Fire Safety Limited" on 1st April 2016. Its main activities are to sell fire extinguisher maintenance services and fire safety training to external customers. The financial position of the company is not material in terms of the overall financial position of the Authority so separate accounts are prepared for both the Authority and the trading company.

Further detail about the company's trading results and overall financial position is shown in notes 34 and 41. For 2016/17, Nottinghamshire Fire Safety Limited made a profit before tax of £33k (£65k in 2015/16).

Plans for 2017/18

Elected Members of the Fire Authority approved a council tax increase of 1.95% for 2017/18, with a Band D council tax of £75.29, and the revenue budget for 2017/18 has been set at £40.8m, some £0.5m less than that set for 2016/17. This is part of an overall requirement to reduce budgets over the period to 2019/20 alongside reductions in grant from central government. The Fire Authority accepted the government's offer of a four year financial settlement covering the years 2016/17 to 2019/20, and this has given some certainty around some aspects of financial planning.

Despite this, the Fire Authority is committed not only to surviving during this period of financial austerity but also to continuing to improve and develop services against this financial backdrop. The three core aims of the Authority are to deliver high quality services, with an engaged and motivated workforce, within a framework of strong governance and financial stability.

With this in mind our strategy has been to use fluctuations in balances to cushion the transitional effect of reductions and therefore to take opportunities to increase these balances whenever possible to support an overall strategy of budget reduction going forward. With the Government providing a four year finance settlement in February 2016 it is now possible to plan ahead with more certainty and continue to re-engineer services in order to keep within the lower overall budget (predicted to be in the region of £43m by 2019/20. This will undoubtedly bring about further changes to our workforce.

Towards the end of the year the Policing and Crime Act 2017 became law, which allows the Police and Crime Commissioner (PCC) for Nottinghamshire to make a business case to take over responsibility for the fire function if desired. At the time of writing this statement, the PCC has not stated an intention to make such a case, but regardless of whether or not a business case is made we are now legally required to consider collaboration opportunities with the other "blue light" emergency services, so I anticipate that this will be a major theme for us next year and beyond.

The 2017/18 revenue budget and capital programme provide the financial resources required for the replacement or refurbishment of assets as well as for the day to day running of the service. We have planned to use mainly borrowing and internal financing to finance the capital programme in 2017/18.

Mr G Walker
Treasurer to the Nottinghamshire and City of Nottingham Fire Authority

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- i) make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer;
- ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- iii) approve the Statement of Accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Treasurer has:

- i) selected suitable accounting policies and then applied them consistently;
- ii) made judgements and estimates that were reasonable and prudent;
- iii) complied with the local authority Code.

The Treasurer has also:

- i) kept proper accounting records which were up to date;
- ii) taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Treasurer to the Authority is Mr G Walker

This Statement of Accounts is that upon which the auditor should enter his opinion and certificate. It presents a true and fair view of the financial position of the Authority at 31 March 2017 and its income and expenditure for the year then ended.

This Statement of Accounts is authorised for issue on 30th June 2017 by the Treasurer to the Authority. This is the date up to which events have been considered for recognition in the Statement of Accounts.

Signed

Mr G Walker
(Treasurer)

Dated

STATEMENT OF APPROVAL OF THE STATEMENTS OF ACCOUNTS

I confirm that these accounts were approved by the Nottinghamshire and City of Nottingham Fire Authority at the meeting held on the 22nd September 2017.

Signed on behalf of the Nottinghamshire and City of Nottingham Fire Authority.

Signed _____

(Chair of the Fire Authority)

Dated _____

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY

We have audited the financial statements of the Nottinghamshire and City of Nottingham Fire Authority for the year ended 31 March 2017 on pages 1 to 123. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the Members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Members of the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

give a true and fair view of the financial position of the Members of the Authority as at 31 March 2017 and the Authority's expenditure and income for the year then ended;

have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

the Annual Governance Statement set out on pages 109 to 121 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' (CIPFA/SOLACE 2016 Edition); or

the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or

any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or

any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

Conclusion on the Nottinghamshire and City of Nottingham Fire Authority's arrangements for securing economy, efficiency and effectiveness in their use of resources

Authority's responsibilities

The Members of the Authority are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Members of the Authority have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Members of the Authority have put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. We are not required to consider, nor have we considered, whether all aspects of the Members of the Authority's arrangements for securing economy, efficiency and effectiveness in their use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2016, as to whether Members of the Authority had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Members of the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Nottinghamshire and City of Nottingham Fire Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, the Nottinghamshire and City of Nottingham Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of the Nottinghamshire and City of Nottingham Fire Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Andrew Cardoza
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway Birmingham
B4 6GH

22 September 2017

INTRODUCTION TO THE CORE STATEMENTS
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Movement in Reserves Statement - Page 26

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (ie those that can not be applied to fund expenditure or reduce local taxation) and 'other reserves'. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

Expenditure and Funding Analysis - Page 28

This statement shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's services and departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement - Page 29

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

IAS 1 requires that where the Statement includes amounts in "Other Comprehensive Income and Expenditure" which will not be reclassified subsequently to the Surplus or Deficit on the Provision of Service as well as amounts which will be, then these two types of transactions should be shown separately on the face of the Statement. The Authority does not have transactions which will be reclassified subsequently to the Surplus or Deficit on the provision of Services, so the items in "Other Comprehensive Income and Expenditure" have not been separated in this way.

Balance Sheet - Page 30

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at the Balance Sheet date. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement - Page 31

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Authority.

CORE ACCOUNTING STATEMENTS

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves during 2015/16
Restated

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2015	6,535	3,831	0	720	11,086	(427,016)	(415,930)
Movement in reserves during 2015/16							
20 Total Comprehensive Income and Expenditure	(14,675)	0	0	0	(14,675)	27,309	12,634
Adjustments between accounting basis and funding basis under regulations (Note 10)	15,218	0	0	(386)	14,832	(14,832)	0
Increase or Decrease in 2015/16 before Transfers to Earmarked Reserves	543	0	0	(386)	157	12,477	12,634
Transfers to/from Earmarked Reserves (Note 11)	328	(328)	0	0	0	0	0
Increase/(Decrease) in 2015/16	871	(328)	0	(386)	157	12,477	12,634
Balance at 31 March 2016 carried forward	7,406	3,503	0	334	11,243	(414,539)	(403,296)

MOVEMENT IN RESERVES STATEMENT

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<u>Movement in Reserves during 2016/17</u>	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2016 carried forward	7,406	3,503	0	334	11,243	(414,539)	(403,296)
Movement in reserves during 2016/17							
Total Comprehensive Income and Expenditure	(9,215)				(9,215)	(96,551)	(105,766)
Adjustments between accounting basis and funding basis under regulations (Note 10)	11,039		477	13	11,529	(11,529)	0
Increase or Decrease in 2016/17 before Transfers to Earmarked Reserves	1,824	0	477	13	2,314	(108,080)	(105,766)
Transfers to/from Earmarked Reserves (Note 11)	(1,394)	1,394	0	0	0	0	0
Increase/(Decrease) in 2016/17	430	1,394	477	13	2,314	(108,080)	(105,766)
Balance at 31 March 2017 carried forward	7,836	4,897	477	347	13,557	(522,619)	(509,062)

EXPENDITURE AND FUNDING ANALYSIS

2015/16			2016/17		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis *	Net expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis *	
14,826	(11,793)	26,619	16,576	(8,395)	Firefighting and Rescue
1,020	(483)	1,503	1,024	(343)	Community Safety
1,197	(358)	1,555	1,173	(230)	Fire Protection
121	(159)	280	215	(95)	Resilience
					Corporate and Centralised Services:
4,305	(277)	4,582	4,641	(10)	Estates and Procurement
686	(66)	752	809	(74)	Equipment
2,503	(877)	3,380	2,848	(668)	People and Organisational Development
737	(89)	826	639	(64)	Finance
2,298	(525)	2,823	1,307	(463)	ICT
1,164	(149)	1,313	1,259	(177)	Transport
7,566	(764)	8,330	3,228	(579)	Other
36,423	(15,540)	51,963	33,719	(11,098)	Net Cost of Services
(36,965)	323	(37,288)	(35,544)	58	Other Income and Expenditure
(542)	(15,217)	14,675	(1,825)	(11,040)	(Surplus) or Deficit
		(6,534)	(7,406)		Opening General Fund Balance
		(542)	(1,825)		Less/Plus Surplus or (Deficit) on General Fund Balance in Year
		(330)	1,394		Less/Plus Net Transfers (to)/from Earmarked Reserves
		(7,406)	(7,837)		Closing General Fund Balance

* See note 8 for further breakdown



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**Net expenditure
in the
Comprehensive
Income and
Expenditure
Statement**

24,971
1,367
1,403
310

4,651
883
3,516
703

1,770
1,436
3,807

44,817

(35,602)

9,215

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2015/16 Restated							2016/17		
Gross Expenditure	Gross Income	Net Expenditure		Notes	Gross Expenditure	Gross Income	Net Expenditure		
£000	£000	£000			£000	£000	£000	£000	
26,962	(343)	26,619	Firefighting and Rescue		25,310	(339)	24,971		
1,658	(155)	1,503	Community Safety		1,586	(219)	1,367		
1,539	16	1,555	Fire Protection		1,462	(59)	1,403		
402	(122)	280	Resilience		417	(107)	310		
			Corporate and Centralised Services:		0	0	0		
4,687	(105)	4,582	Estates and Procurement		4,783	(132)	4,651		
752	0	752	Equipment		884	(1)	883		
3,446	(65)	3,381	People and Organisational Development		3,537	(21)	3,516		
950	(124)	826	Finance		964	(261)	703		
2,850	(29)	2,821	ICT		2,846	(1,077)	1,769		
1,468	(154)	1,314	Transport		1,485	(49)	1,436		
8,511	(181)	8,330	Other		3,833	(25)	3,808		
53,225	(1,262)	51,963	Cost of Services		47,107	(2,290)	44,817		
0	(15)	(15)	Other Operating Expenditure	12	0	(27)	(27)		
15,464	(65)	15,399	Financing and Investment Income and Expenditure	13	16,437	(75)	16,362		
0	(52,672)	(52,672)	Taxation and Non-Specific Grant Income	14	0	(51,937)	(51,937)		
68,689	(54,014)	14,675	Surplus (-) or Deficit on Provision of Services		63,544	(54,329)	9,215		
		(2,938)	Surplus or deficit on revaluation of property, plant and equipment assets				(3,289)		
		159	Impairment Losses on Non-Current Assets Charged to Revaluation Reserve				0		
		(24,530)	Remeasurements on the net defined benefit pension liability				99,840		
		(27,309)	Other Comprehensive Income and Expenditure				96,551		
		(12,634)	Total Comprehensive Income and Expenditure				105,766		

BALANCE SHEET			
31 March 2016		Notes	31 March 2017
£000			£000
	Property, Plant & Equipment		
44,812	- Land and Buildings	15	49,190
9,693	- Vehicles, Plant and Equipment	15	8,683
3,792	- Assets Under Construction	15	634
49	Surplus Assets	15	43
1,604	Intangible Assets	16	1,068
362	Intangible Assets Under Construction	16	418
60,312	TOTAL LONG TERM ASSETS		60,036
3,415	Short Term Investments	17	6,481
341	Inventories	18	297
3,950	Short Term Debtors	19	5,826
2,101	Cash and Cash Equivalents	20	3,059
9,807	TOTAL CURRENT ASSETS		15,663
(2,131)	Short Term Borrowings	17	(2,135)
(3,443)	Short Term Creditors	22	(2,544)
(503)	Short Term Provisions	23	(535)
0	Other Short Term Liabilities - Finance Leases	36	0
(25)	Grants Receipts in Advance - Revenue	33	(25)
(6,102)	TOTAL CURRENT LIABILITIES		(5,239)
(30)	Long Term Provisions	23	(43)
(18,262)	Long Term Borrowing	17	(21,183)
(449,022)	Other Long Term Liabilities - Pensions Liability	38	(558,299)
(467,314)	TOTAL LONG TERM LIABILITIES		(579,525)
(403,297)	TOTAL NET ASSETS		(509,065)
	Usable Reserves		
7,406	- General Fund Balance	24	7,837
3,501	- Earmarked Reserves	24	4,894
0	- Capital Receipts Reserve	24	477
335	- Capital Grants Unapplied	24	347
	Unusable Reserves		
20,819	- Capital Adjustment Account	25	20,420
13,657	- Revaluation Reserve	25	15,175
(449,022)	- Pension Reserve	25	(558,299)
0	- Financial Instruments Adjustment Account	25	0
252	- Collection Fund Adjustment Account	25	296
(245)	- Accumulated Absences Adjustment Account	25	(212)
(403,297)	TOTAL RESERVES		(509,065)

CASH FLOW STATEMENT

2015/16	2016/17
£000	£000
14,675 Net (Surplus)/Deficit on the Provision of Services	9,215
(17,252) Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	(12,630)
84 Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2,532
(2,493) Net Cash Flows from Operating Activities (Note 26)	(883)
3,394 Investing Activities (Note 27)	2,850
71 Financing Activities (Note 28)	(2,925)
972 Net (Increase) or Decrease in Cash and Cash Equivalents	(958)
(3,073) Cash and Cash Equivalents at the Beginning of the Reporting Period	(2,101)
(2,101) Cash and Cash Equivalents at the End of the Reporting Period (Note 20)	(3,059)

INDEX OF NOTES TO THE CORE ACCOUNTING STATEMENTS

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NOTES TO THE CORE ACCOUNTING STATEMENTS
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1. ACCOUNTING POLICIES**General Principles**

The Statement of Accounts summarises the Fire Authority's transactions for the 2016/17 financial year and its position at the year end of 31 March 2017. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) and the Service Reporting Code of Practice 2016/17 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non current assets and financial instruments.

Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. This is known as the accruals basis. In particular:

- a) Supplies are recorded as expenditure when they are consumed. Some supplies are carried as Inventories on the balance sheet, where they are held in Stores prior to being distributed and used.
- b) Where goods are supplied to or by the Fire Authority in the financial year, but payment does not occur until the following financial year, a Short Term Creditor or Short Term Debtor for the relevant amount is shown on the Balance Sheet. Exceptions are made to this policy for certain recurring items that cover a specific period, e.g. quarterly energy bills. These items are brought into the accounts in the year they are paid and are not apportioned over the years to which they relate.
- c) Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made. However, due to a policy change which came into effect on 1 April 2017 an exception is now made to this policy for overtime payments and payments claimed in arrears by retained duty system staff. This expenditure is recognised in the year it is paid rather than the year in which the work was carried out. This policy change has reduced the amount of expenditure accounted for in the 2016/17 financial year by around £250k. The impact in future financial years will be minimal.
- d) Fees and charges due from customers are recognised as income at the date the Fire Authority provides the relevant services. Debts outstanding at the year end are assessed for evidence of uncollectability based on past events and a charge is made to revenue where the total value of debts for which there is evidence of impairment exceeds a £5,000 de minimis threshold. This policy applies to debts from unpaid fees and charges – council tax debtors are subject to a different policy (see below).
- e) Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than on the basis of cash flows determined by the contract.

Allocation of Support Service Costs

Support services are provided primarily by the Authority itself although some are purchased directly from the constituent authorities. The provision of a Clerk to the Authority is purchased from Nottingham City Council and some limited financial services are provided by Nottinghamshire County Council.

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2016/17, whereby the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

Costs relating to the Fire Authority's status as a democratic organisation and costs relating to the provision of information for public accountability are charged to Corporate and Democratic Core.

Non Distributed Costs, which includes past service costs relating to retirement benefits; impairment losses relating to surplus non current assets; revenue expenditure involved in holding surplus assets.

These two cost categories are defined in the CIPFA Service Reporting Code of Practice (SeRCOP) and accounted for as separate headings in the Comprehensive Income and Expenditure Statement as part of Net Cost of Services.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are interest and other costs incurred in connection with the borrowing of funds to finance the acquisition, creation or enhancement of non current assets.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than twenty four hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Examples of non current assets likely to be classified as cash equivalents are Money Market Fund investments and deposits in "call accounts" repayable immediately without penalty. Fixed Term Deposits are not likely to be classified as cash equivalents because they are not readily convertible to cash, instead they are likely to be classified as Short Term or Long Term Investments.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Contingent Liabilities and Contingent Assets

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Council Tax Income and Non Domestic Rates

Council tax and non domestic rates are collected from taxpayers by billing authorities both for themselves and substantively as agents, collecting council tax and non domestic rates on behalf of precepting authorities and central government and distributing it to them. This authority is a precepting authority, and council tax and non domestic rates income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account on the Balance Sheet and shown within the Movement in Reserves Statement.

Billing authorities prepare a Collection Fund balance sheet for council tax and non domestic rates activities, which is disaggregated and shared between the billing authority and its precepting authorities. This Authority's Balance Sheet contains the following items:

- a) Council tax and non domestic rates arrears apportioned in relation to the following year's precept proportions are included as Short Term Debtors
- b) Impairment allowance for doubtful debts apportioned as for council tax and non domestic rates arrears and deducted from council tax and non domestic rates arrears debtors
- c) Council tax and non domestic rates overpayments and prepayments apportioned in relation to the following year's precept proportions are included as Short Term Creditors
- d) Collection Fund surplus / deficit – the reversing entry to the Comprehensive Income and Expenditure Account adjustment is included in the Collection Fund Adjustment Account
- e) Collection Fund cash surplus / deficit held on the authority's behalf by the billing authority is included in Short Term Debtors or Short Term Creditors

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority can no longer withdraw the offer of those benefits. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits are not actually payable until the employees retire, the Authority has a commitment to make these payments in the future. This commitment needs to be disclosed at the time that the employees earn their future entitlement.

The Authority participates in five pension schemes, all of which are defined benefit schemes:

- The Local Government Pension Scheme (LGPS) is for administrative, support and Control employees and is administered by Nottinghamshire County Council. This is a funded scheme, which means that contributions are paid into a fund with the intention of balancing pension liabilities with pension assets.
- The Firefighters' Pension Scheme 1992 has been closed to new entrants since 6 April 2006. Its members are wholetime firefighters. It is an unfunded pension scheme, meaning that there are no investment assets to meet the cost of pension liabilities and cash has to be generated to meet pension payments as they fall due. The cost of the scheme is met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office. Any surplus funding is paid over to the Home Office.
- The Firefighters' Pension Scheme 2006 is also an unfunded pension scheme. This scheme came into being with effect from April 2006 and its members are retained firefighters and wholetime firefighters. Like the 1992 Scheme, the cost of the scheme is met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office and any surplus being paid over to them. The Firefighters' Pension Scheme (England)(Amendment) Order 2014 introduced a new modified version of the 2006 Scheme which is available to individuals who were employed as retained firefighters during the period 1 July 2000 to 5 April 2006. The modified version of the scheme has different benefits to the main 2006 Scheme. The 2006 Scheme has been closed to new entrants since April 2015.
- The Firefighters' Pension Scheme 2015 came into effect on 1 April 2015. Like the 2006 and 1992 Schemes, the cost of the scheme is met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office and any surplus being paid over to them. Unlike the other firefighters' schemes, it is a career average rather than a final salary scheme. Its members are retained firefighters and wholetime firefighters who were first appointed by an English fire and rescue authority on or after 1 April 2015, and firefighters who were transferred from the 1992 or 2006 Schemes.
- The Firefighters' Compensation Scheme (England) Order 2006 makes provision for the payment of pensions, allowances and gratuities to and in respect of persons who die or are permanently disabled as a result of an injury sustained or disease contracted while employed by a fire and rescue authority. The Firefighter Compensation Scheme (FFCS) is treated as an unfunded defined benefit scheme. The cost of this scheme is met by the Authority.

The arrangements for the three Firefighters' pension schemes and the Firefighters' Compensation Scheme are determined by the Home Office. In order to identify the amount of top-up grant receivable from / surplus payable to the Home Office the Authority is required to produce separate Pension Fund Statements for the firefighters' pension schemes. Additional accounting policies can be found in the notes to these statements.

The Authority is required by the CIPFA Code of Practice to account for pensions in accordance with International Accounting Standard 19 Employee Benefits (IAS 19). One of the objectives of IAS 19 is to ensure that an employer's financial statements reflect a liability when employees have provided services in exchange for benefits to be paid in the future.

All five pension schemes are accounted for as defined benefit schemes:

The liabilities of the LGPS and the firefighters' schemes are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and estimates of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using discount rates of 3.8% and 3.5% for the LGPS and firefighters' schemes respectively. The discount rates for all schemes are based on the yields of AA-rated corporate bonds of currency and term appropriate to the currency and term of the scheme's liabilities.
- The assets of the LGPS pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities - current bid price
 - unquoted securities - professional estimate
 - property - market value
- The change in the net pensions liability is analysed into the following components:
 - Service cost comprising:
 - Current service cost - the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
 - Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. This is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
 - Net interest on the net defined benefit liability, i.e. the net interest expense for the Authority - the change during the period in the net defined benefit liability that arises from the passage of time. This is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
 - Remeasurements comprising:
 - The return on plan assets - excluding amounts included in net interest on the net defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions. This is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
 - Contributions paid to the pension fund - cash paid as employer's contributions to the pension funds in settlement of liabilities.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Further detail on post employment benefits accounting policies is given in note 38 to the core financial statements.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- b) those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Exceptional Items

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. The amortised cost will include any interest accrued and not paid as at the Balance Sheet date. Where the transaction costs of borrowing are immaterial and there is no premium or discount on borrowing and the interest rate is fixed for the loan term, then the actual interest rate has been used to calculate interest payable as this is the same as the effective interest rate. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

Loans and receivables (investments) are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and subsequently carried at their amortised cost. The amortised cost will include any interest accrued and not received as at the Balance Sheet date. Where the interest rate is fixed for the term of the investment then the actual interest rate has been used to calculate interest receivable as this is the same as the effective interest rate. There are no transaction costs relating to investments. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument.

Financial assets and financial liabilities are presented gross in the Statement of Accounts, unless the Authority has a legal right to set off the amounts in which case the gross amounts are disclosed in a note.

Government Grants and Contributions (Revenue)

Grants and contributions relating to revenue expenditure are accounted for on an accruals basis, when there is reasonable assurance that the grant or contribution will be received, and they are recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the Authority has not satisfied.

A condition requires the grant funder or donor to have a right to the return of their monies (or asset or similar equivalent compensation) if the Authority fails to meet a stipulation under the terms of the transfer. If there are conditions attached to grants and contributions:

where there is no reasonable assurance that the conditions will be met, the grant or contribution received is recorded in Cash and held on the Balance Sheet as a Creditor.

where there is reasonable assurance that the conditions will be met but this has not yet occurred, the grant or contribution is held in the Grants Receipts in Advance account as a liability on the Balance Sheet and recorded in Cash (if received) or Debtors (if receivable). When the conditions have been satisfied, the income will be credited to the Comprehensive Income and Expenditure Statement.

Revenue grants are matched in the Comprehensive Income and Expenditure Statement with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to Taxation and Non-Specific grant income within the Comprehensive Income and Expenditure Statement

Government Grants and Contributions (Capital)

Grants and contributions relating to capital expenditure are accounted for on an accruals basis, when there is reasonable assurance that the grant or contribution will be received, and they are recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the Authority has not satisfied.

A condition requires the grant funder or donor to have a right to the return of their monies (or asset or similar equivalent compensation) if the Authority fails to meet a stipulation under the terms of the transfer. If there are conditions attached to grants and contributions:

where a capital grant or contribution has been received and conditions remain outstanding at the Balance Sheet date, the grant or contribution is recorded in Cash and held in the Capital Grants Receipts in Advance account as a liability on the Balance Sheet. When the conditions have been satisfied, the income will be credited to Taxation and Non-Specific Grant Income within the Comprehensive Income and Expenditure Statement.

where no conditions remain outstanding and expenditure has been incurred, the grant or contribution is transferred from the General Fund to the Capital Adjustment Account to reflect the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

where no conditions remain outstanding and expenditure has not yet been incurred, the grant or contribution is transferred to the Capital Grants Unapplied Account to reflect its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement. When, at a future date, the expenditure to be financed is incurred the grant or contribution is transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account to reflect the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

Interests in Companies

The Authority owns a subsidiary company, Nottinghamshire Fire and Rescue Service (Trading) Limited, which commenced operations on 1 September 2010. The Authority is the sole owner of this company. Single entity accounts have been prepared for both the Authority and for Nottinghamshire Fire and Rescue Service (Trading) Limited. The former are shown within this Statement of Accounts and the latter will be available from the Authority. The company changed its name on 1st April 2016 to "Nottinghamshire Fire Safety Limited".

Further details about the Authority's interest in this company is disclosed in the note on Interests in Companies.

Inventories (Stocks)

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First In, First Out (FIFO) costing formula.

Leases

Finance Leases (the Authority as Lessee)

The Fire Authority accounts for leases as finance leases when substantially all of the risks and rewards relating to the leased asset transfer to the Authority. Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset.

Lease rentals payable are apportioned between:

A charge for the acquisition of the interest in the asset (recognised as a liability in the balance sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable) and

A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as the rent becomes payable).

Non current assets recognised under finance leases are accounted for using the policies generally applied to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. Finance charges are accounted for on a straight line basis over the term of the lease.

Operating Leases (the Authority as Lessee)

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease (unless the arrangement specifies a rental pattern which is not straight line, in which case this will be disclosed). Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets, and where the costs are material.

Operating Leases (the Authority as Lessor)

Income from operating leases is recognised in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease, with the exception of the lease relating to the property at Clifton. In this instance, as the annual payments vary, the income is recognised based on the specific cash flows as notated in the lease agreement.

Non Current Assets

Property, Plant and Equipment

Non current assets which have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it yields benefits for more than one financial year. Expenditure on repairs and maintenance is charged as an expense when it is incurred.

Measurement

The value of assets shown is subject to a £30,000 de minimis level. Assets with a value less than £30,000 will, however, be capitalised if they form part of a larger asset e.g. a piece of IT equipment which forms part of the IT infrastructure.

Assets are initially measured at cost, comprising the purchase price plus all expenditure directly attributable to bringing the asset to the location and condition for its intended use. Donated assets are measured initially at fair value with the difference between fair value and any consideration paid being credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held on the Balance Sheet in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement. Assets are then carried in the balance sheet using the following measurement bases:

Land and Buildings

These assets are classified as either operational or non operational and valued at current value in existing use, which is deemed to be the amount that would be paid for the asset in its existing use in an arm's-length transaction and disregarding potential alternative uses (Existing Use Value - EUV). Specialised, operational assets (e.g. Fire Stations) and specialised, non operational assets are valued at Depreciated Replacement Cost (DRC) which is a proxy for EUV and recognises that for specialised assets there is no market based evidence of fair value. Surplus assets are valued at Fair Value under IFRS. Non operational assets under construction are valued at historical cost. All assets are revalued every 5 years on a rolling basis by the Nottingham Valuation Office, or more frequently if there have been material changes in value. All buildings are revalued subsequent to major refurbishment works being completed.

Furniture and Fittings

Furniture and fittings which form part of major refurbishments are classed as non current assets and are shown in the balance sheet at depreciated historic cost.

Vehicles and Plant

Vehicles and plant are classified as non current assets and are shown at a value which represents cost less depreciation charged on a straight line basis over the length of their useful lives.

All other Assets

All other assets are shown in the Balance Sheet at a valuation which represents their cost less depreciation charged on a straight line basis over the length of their useful lives.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains (although see section below: Revaluation and Impairment Losses). Where decreases in value and impairments are identified, they are accounted for by:

- a) Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- b) where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Charges to Revenue for Non Current Assets

Services and support services are charged annually with the following amounts to record the real cost to the Authority of holding non current assets during the year:

- a) depreciation attributable to the assets used by the relevant service.
- b) revaluation and impairment losses on assets used by the service, where there are insufficient accumulated gains in the Revaluation Reserve balance for that asset against which the losses can be written off.
- c) amortisation of intangible non current assets attributable to the service.

The Authority is not required to raise council tax to cover these charges. It is, however, required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This is known as the Minimum Revenue Provision (MRP) and the Authority's policy is to charge an amount of MRP equal to 4% of the Capital Financing Requirement relating to assets purchased on or before 31 March 2007 plus an amount of MRP calculated on the basis of asset lives relating to assets purchased on or after 1 April 2007. The charges listed in a) to c) above are replaced by a Minimum Revenue Provision charge, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Depreciation and Amortisation

Depreciation is provided for on non current assets with a determinable finite life by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- Buildings: straight line allocation over the remaining useful life as estimated by the Valuation Office
- IT and Communications Equipment: straight line allocation over estimated remaining useful life
- Land, assets under construction and assets held for sale: not depreciated
- Fire Appliances: straight line allocation over the estimated useful life
- Furniture and Fittings: 20% of the balance at the beginning of the financial year
- Intangible Non Current Assets (software): amortisation equal to straight line allocation over the useful life.

Part year depreciation is charged from the start of the month of acquisition.

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The de minimis threshold for componentisation is a current net book value of £150k - individual assets with a value of less than £150k will be disregarded for componentisation. To be separately identified as a component, an element of an asset must meet the following criteria:

- have a cost of at least 20% of the cost of the overall asset and
- have a materially different useful life (at least 20% different) and/or
- have a different depreciation method that materially affects the amount charged

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Revaluation and Impairment Losses

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, the decrease is recognised in the Revaluation Reserve up to the credit balance existing in respect of that asset and thereafter in the Surplus or Deficit on Provision of Services.

Where the carrying amount of an item of property, plant and equipment is increased as a result of a revaluation, any impairment losses for that asset, which have been charged to the Surplus or Deficit on Provision of Services in previous years, shall be reversed in the current year as a credit to the Surplus or Deficit on Provision of Services. The balance of the revaluation increase is credited to the Revaluation Reserve, but this amount represents the difference between the revalued amount and what the carrying amount net of depreciation would have been if no impairment loss had occurred in previous years. This means that the previous impairment loss reversal may not reverse the full amount of the loss.

Disposals and Non Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Amounts received from disposals are credited to the Usable Capital Receipts Reserve, which will then be used for new capital investment or set aside to reduce the borrowing requirement. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. Any accumulated balance of gains in the Revaluation Reserve, relating to an asset which has been disposed of, are written out to the Capital Adjustment Account.

When an existing building is demolished and replaced with a new build, the existing building would be treated as a disposal, the new building being added to Assets Under Construction at cost and then moved to Operational Buildings and revalued at Fair Value from the date it becomes operational.

The written-off value of disposals is not a charge against council tax, as the cost of non current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement

Donated Assets

Donated assets are defined as assets transferred at nil value or acquired at less than fair value. Donated assets from other public bodies which meet the definition of "government" in IAS 20 are accounted for as a government grant.

Donated assets are recognised immediately on receipt as Property, Plant and Equipment and are valued at fair value, which in this case is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction. The gain to the Authority on receipt of the asset is recognised as income in the relevant service line in the Comprehensive Income and Expenditure Statement. The exception to this is to the extent that the Authority has not met any conditions attached to the donated asset, the gain relating to the asset is recognised in the Donated Assets Account on the Balance Sheet. The income will subsequently be recognised in the Comprehensive Income and Expenditure Statement when the conditions of donation have been satisfied.

After initial recognition, donated assets are measured in accordance with the accounting policies for Property, Plant and Equipment.

Re-classification of Assets Under Construction to Operational Assets

Assets under construction which are subsequently identified as being operational will be reclassified in the quarter following the date when the asset became operational.

Intangible Assets

Intangible assets are identifiable, non financial, non current assets controlled by the Authority which do not have physical substance. This Authority has one type of intangible non current asset, which is software. Expenditure on the acquisition of intangible non current assets is capitalised on an accruals basis, provided that it yields benefits for more than one financial year.

The value of assets capitalised is subject to a £30,000 de minimis level. Assets with a value of less than £30,000 will, however, be capitalised if they form part of a larger asset e.g. an ICT project to implement a new system with both hardware and software. Where an asset incorporates both hardware and software, it will be classified as an intangible asset when the majority of the cost is attributable to software – otherwise it will be classified as Equipment within Property, Plant and Equipment.

Software is initially measured at cost and subsequently shown in the Balance Sheet at amortised historic cost. Amortisation is charged to the Comprehensive Income and Expenditure Account over the economic life of the asset. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are charged to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Provisions

Provisions are made where an event has taken place which gives the Fire Authority an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement when the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year and a provision may then be reversed and credited back to the relevant service if the requirement has changed.

Reserves

The Fire Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year in that year to score against the Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Two usable reserves are shown on the face of the Balance Sheet. These are:

Revenue Reserve

This reserve is the surplus of income over expenditure in the 2016/17 financial year and the cumulative effect of such surpluses carried forward from previous years. See note 24.

Earmarked Reserve

This reserve contains funds built up to meet expected liabilities. The movement of this reserve is shown in note 11.

Capital Reserves

There are four capital related reserves shown in the Balance Sheet. Of these four reserves the Usable Capital Receipts Reserve and the Capital Grants Unapplied Reserve are cash backed; the remaining two are non cash backed.

The Revaluation Reserve

This represents the total of all fixed asset revaluation gains since 1 April 2007, less any revaluation losses since 1 April 2007 which have been offset against prior revaluation gains for the same asset.

The Capital Adjustment Account

This account is credited with amounts set aside to finance capital expenditure and absorbs any timing differences between the setting aside of resources and accounting for depreciation and impairment losses. This reserve was created on 1 April 2007, replacing the Capital Financing Account. Its opening balance was an amalgamation of the closing balances as at 31 March 2007 of the Fixed Asset Restatement Account and the Capital Financing Account.

The Usable Capital Receipts Reserve

This reserve is credited with the disposal proceeds when fixed assets are sold. It is ring fenced for supporting new capital expenditure or for reducing the underlying need to borrow against the capital financing requirement.

The Capital Grants Unapplied Reserve

This reserve is credited with capital grants received, which have yet to be used to finance capital expenditure.

Movements on these reserves are shown in notes 24 and 25.

Pensions Reserve

This reserve represents the full future pensions liabilities at the time that these liabilities are earned by employees. An independent actuary assesses the liabilities for pension schemes in which the Authority participates, namely the Firefighters' Pension Schemes and the Local Government Pension Scheme.

Accumulated Absences Adjustment Account

This reserve absorbs the differences that would otherwise arise on the General Fund balance from accruing for accumulated absences earned but not taken in the year.

Collection Fund Adjustment Account

This reserve manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers, compared with the statutory arrangements for paying across amounts due to the General Fund from the billing authorities.

Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

The Code of Practice requires the disclosure of the impact of an accounting change arising from a new accounting standard which has been issued but not yet adopted by the Code for the relevant financial year.

There are no new standards introduced in the 2017/18 Code of Practice which would impact on the Authority's accounts for 2016/17.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

The Government has provided an indicative four year funding settlement, which gives some degree of certainty around future grant levels, however there still the possibility that funding for local government organisations will be further reduced. Despite this there is no indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Authority faces a budget deficit of between £2.5m and £4.5m by 2019/20. Plans are in progress to reduce base budgets over the next three years and eliminate the deficit. The Authority has valued its Fire Stations at depreciated replacement cost, as there is no market based evidence of fair value due to the specialised nature of the assets.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that which are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £41k for every year that useful lives had to be reduced.
Effect if Actual Results Differ from Assumptions		
Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. A sensitivity analysis showing the impacts of changes in the discount rates used is included in note 38

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

5. PRIOR PERIOD ADJUSTMENTS

There were no significant prior period adjustments, although where errors in comparative figures were identified these have been corrected, with the word "Restated" shown in the column heading. Explanations have been given for any significant restatement of comparatives figures.

6. MATERIAL ITEMS OF INCOME AND EXPENSE

Within the Comprehensive Income and Expenditure Statement are a number of material items of income and expense in Net Cost of Services which are not disclosed separately. These are as follows:

Description of Item	Income or Expense	2016/17 £000	2015/16 £000
Depreciation and Amortisation of Non Current Assets	Expense	3,624	3,489
Capital Grant	Income	(14)	(54)
Capital Receipt	Income	(2,517)	(30)
Revaluation of Non Current Assets	Income	0	0

7. EVENTS AFTER THE BALANCE SHEET DATE

The un-audited Statement of Accounts was authorised for issue by the Treasurer to the Authority on 30th June 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

In May 2017, a former employee notified the Authority of their intention to make a claim against the Authority of constructive dismissal and disability discrimination. This claim has not been formally confirmed to the Authority as at the date the Statement of Accounts was authorised for issue and is therefore a non-adjusting event after the balance sheet date. This matter is also referred to in Note 39 Contingent Assets and Liabilities.

8. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments between Funding and Accounting Basis 2016/17

Adjustments from the General Fund to arrive at the comprehensive Expenditure Statement amount	Adjustment for Capital purposes £000	Net change for the Pension Adjustment £000	Other Differences £000	Total Adjustments £000
Firefighting and Rescue	(1,157)	(7,298)	60	(8,395)
Community Safety	(14)	(320)	(8)	(342)
Fire Protection		(224)	(6)	(230)
Resilience		(95)	0	(95)
Corporate and Centralised Services				
Estates & Procurement	50	(60)	(1)	(11)
Equipment	(17)	(56)	0	(73)
People and Organisation Development	(79)	(583)	(6)	(668)
Finance	(2)	(57)	(6)	(65)
Information Communication and Technology	(328)	(131)	(4)	(463)
Transport	(145)	(34)	2	(177)
Other Corporate and Centralised Services	(3)	(579)	3	(579)
	(1,695)	(9,437)	34	(11,098)
Other income and expenditure	14		44	58
	(1,681)	(9,437)	78	(11,040)

Adjustments between Funding and Accounting Basis 2015/16

Adjustments from the General Fund to arrive at the comprehensive Expenditure Statement amount 2015/16	Adjustment for Capital purposes £000	Net change for the Pension Adjustment £000	Other Differences £000	Total Adjustments £000
Firefighting and Rescue	(1,008)	(10,716)	(70)	(11,794)
Community Safety	(16)	(466)	(1)	(483)
Fire Protection		(358)		(358)
Resilience		(154)	(5)	(159)
Corporate and Centralised Services				
Estates & Procurement	(205)	(73)	2	(276)
Equipment	(10)	(56)	(1)	(67)
People and Organisation Development	(83)	(795)	1	(877)
Finance	(24)	(68)	4	(88)
Information Communication and Technology	(389)	(137)	1	(525)
Transport	(109)	(40)		(149)
Other Corporate and Centralised Services	(5)	(773)	14	(764)
	(1,849)	(13,636)	(55)	(15,540)
Other income and expenditure	54		269	323
	(1,795)	(13,636)	214	(15,217)

9. EXPENDITURE AND INCOME ANALYSIS BY NATURE

	2016/17	2015/16
	£000	£000
Expenditure		
Employee Benefits Expenses	41,660	46,832
Other Employee Expenses	323	340
Premises Related Expenses	2,290	2,184
Transport Related Expenditure	1,621	1,808
Supplies and Services	3,291	3,310
Third Party Payments	65	114
Support Services	210	257
Depreciation, amortisation, impairment and disposal of non-current assets	3,096	3,061
Interest Payments	815	825
Total Expenditure	53,371	58,731
Income		
Fees, charges and other service income	(766)	(846)
Interest and investment income	(64)	(50)
Income from council tax and non-domestic rates	(32,411)	(32,046)
Government grants	(10,672)	(11,114)
Total Income	(43,913)	(44,056)
(Surplus)/Deficit on Provision of Services	9,458	14,675

10. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Usable Reserves

2016/17

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
--	--	--	--	---

Adjustments primarily involving the
Capital Adjustment Account:

Reversal of items debited or credited to the
Comprehensive Income and Expenditure
Statement:

Charges for depreciation and impairment of non-current assets	(3,055)	0		3,055
Revaluation losses on Property Plant and Equipment	488			(488)
Amortisation of intangible assets	(556)			556
Capital Grants and contributions applied			1	(1)
Gain relating to donated assets				0
Revenue expenditure funded from capital under statute				0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(2,491)			2,491

Insertion of items not debited or credited to
the Comprehensive Income and Expenditure
Statement:

Statutory provision for the financing of capital investment	1,402			(1,402)
Capital expenditure charged against the General Fund balances	0			0

Adjustments primarily involving the
Capital Grants Unapplied Account:

Capital Grants and contributions unapplied credited to the CIES	14		(14)	0
Application of grants to capital financing transferred to the Capital Adjustment Account			0	0

Adjustments primarily involving the
Capital Receipts Reserve:

Capital Receipts during the year, not applied to the financing of capital expenditure during the year				0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	2,518	(2,518)		0
Use of Capital Receipts Reserve to finance new capital expenditure		2,041		(2,041)

Usable Reserves

2016/17

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
--	--	--	--	---

Adjustments primarily involving the Pension Reserve:

Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(24,075)			24,075
Employers pension contributions and direct payments to pensioners payable in the year	14,638			(14,638)

Adjustment primarily involving the Collection Fund Adjustment Account:

Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	44			(44)
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Adjustment primarily involving the Accumulated Absences Account:

Amount by which officer remuneration charged to Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	34			(34)
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Total Adjustments

(11,039)	(477)	(13)	11,529
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(11,040) balance from EFA

1 Diff

Usable Reserves

2015/16

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
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**Adjustments primarily involving the
Capital Adjustment Account:**
Reversal of items debited or credited to the
Comprehensive Income and Expenditure
Statement:

Charges for depreciation and impairment of non-current assets	(3,206)			3,206
Revaluation losses on Property Plant and Equipment	414			(414)
Amortisation of intangible assets	(283)			283
Capital Grants and contributions applied	38		402	(440)
Gain relating to donated assets	0			0
Revenue expenditure funded from capital under statute	0			0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(15)			15

Insertion of items not debited or credited to
the Comprehensive Income and Expenditure
Statement:

Statutory provision for the financing of capital investment	1,103			(1,103)
Capital expenditure charged against the General Fund balances	109			(109)

**Adjustments primarily involving the
Capital Grants Unapplied Account:**

Capital Grants and contributions unapplied credited to the CIES	16		(16)	0
Application of grants to capital financing transferred to the Capital Adjustment Account			0	0

**Adjustments primarily involving the
Capital Receipts Reserve:**

Capital Receipts during the year, not applied to the financing of capital expenditure during the year				0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	30	(30)		0
Use of Capital Receipts Reserve to finance new capital expenditure		30		(30)

Usable Reserves

2015/16

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
--	---------------------------------	--	--	---

Adjustments primarily involving the Pension Reserve:

Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(28,632)			28,632
Employers pension contributions and direct payments to pensioners payable in the year	14,996			(14,996)

Adjustment primarily involving the Collection Fund Adjustment Account:

Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	269			(269)
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Adjustment primarily involving the Accumulated Absences Account

Amount by which officer remuneration charged to Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	(57)			57
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Total Adjustments

	(15,218)	0	386	14,832
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2016/17	Usable Reserves		
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
Adjustments to the Revenue Resources			
<u>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</u>			
Pension costs (transferred to (or from) the Pensions Reserve)	(9,437)		
Council tax and NDR (transfers to or from the Collection Fund Adjustment Account)	44		
Holiday pay (transferred to the Accumulated Absences Reserve)	34		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(5,600)		(14)
Total Adjustments to Revenue Resources	(14,959)	0	(14)
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2518	(2,518)	
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)			
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1402		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0		
Total Adjustments between Revenue and Capital Resources	3,920	(2,518)	0
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital		2,041	
Application of capital grants to finance capital expenditure			1
Cash payments in relation to deferred capital receipts			
Total Adjustments to Capital Resources	0	2,041	1
Total Adjustments	(11,039)	(477)	(13)

2015/16	Usable Reserves		
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
Adjustments to the Revenue Resources			
<u>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</u>			
Pension costs (transferred to (or from) the Pensions Reserve)	(13,636)		
Council tax and NDR (transfers to or from the Collection Fund Adjustment Account)	269		
Holiday pay (transferred to the Accumulated Absences Reserve)	(57)		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,036)		386
Total Adjustments to Revenue Resources	(16,460)	0	386
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	30	(30)	
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)			
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1103		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	109		
Total Adjustments between Revenue and Capital Resources	1,242	(30)	0
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure		30	
Application of capital grants to finance capital expenditure			
Cash payments in relation to deferred capital receipts			
	0	30	0
Total Adjustments to Capital Resources			
Total Adjustments	(15,218)	0	386

11 TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves either to meet General Fund expenditure in the year, or because the earmarked reserve was no longer required.

	Balance at 31 March 2015 £000	Transfers out 2015/16 £000	Transfers in 2015/16 £000	Balance at 31 March 2016 £000	Transfers out 2016/17 £000	Transfers in 2016/17 £000	Balance at 31 March 2017 £000
LPSA Reward Grant	(304)	130	0	(174)	0	0	(174)
Fire Investigation	(120)	0	0	(120)	0	0	(120)
Safe as Houses - Smoke Alarms	(22)	0	0	(22)	0	0	(22)
Community Fire Safety - Innovation Fund	(201)	0	0	(201)	0	0	(201)
Resilience Crewing and Training	(382)	72	(142)	(452)	0	0	(452)
Thoresby Estate Charitable Trust	(4)	1	0	(3)	0	0	(3)
Enhanced Logistical Support DCLG	(7)	7		0	0		0
Public Health England - Safe and Well	0			0		(10)	(10)
Transparency Grant	0	0	(8)	(8)	8	0	0
SubTotal	(1,040)	210	(150)	(980)	8	(10)	(982)

	Balance at 31 March 2015 £000	Transfers out 2015/16 £000	Transfers in 2015/16 £000	Balance at 31 March 2016 £000	Transfers out 2016/17 £000	Transfers in 2016/17 £000	Balance at 31 March 2017 £000
Earmarked Reserves Created by Revenue:							
Pensions - Ill Health	(138)	80	(150)	(208)	0	0	(208)
Fire Safety - On Fire Fund	(87)	0	0	(87)	0	0	(87)
Fire Control Transition	(168)	25	0	(143)	143	0	0
Buisness Systems Development	(16)	0	0	(16)	0	(48)	(64)
Emergency Services Mobile Communications Programme	0	0	(10)	(10)	0	(6)	(16)
Training BCM & Values	(3)	3		0	0		0
ICT Sharepoint / Internet / Intranet	(97)	0	0	(97)	0	0	(97)
Operational Equipment	(42)	32		(10)	0		(10)
Capital Reserve	(1,154)	0	0	(1,154)	40	0	(1,114)
Organisational Transition - One-off Costs	(521)	372	0	(149)	0	(200)	(349)
Backlog Buildings Maintenance	(100)	5	0	(95)	0	0	(95)
Duke of Edinburg	(23)	0	0	(23)	0	0	(23)
Fire Control Collaboration Project	(220)	220	0	0	0	0	0
Tri Service Control Project Phase 2	0	0	(220)	(220)	0	(143)	(363)
LAT Pull Down Machines	(11)	11	0	0	0	0	0
HEP B Vaccinations	0	0	0	0	0	(22)	(22)
Taxation Compliance	(10)	0	0	(10)	0	0	(10)
Communications Development - ESN	(200)	0	0	(200)	0	(52)	(252)
Emergency Services Network - RAP Work	0	0	0	0	0	(892)	(892)
Retained Policy Change	0	0	0	0	0	(212)	(212)
Pensions - General	0	0	(100)	(100)	0	0	(100)
Subtotal	(2,790)	748	(480)	(2,522)	183	(1,575)	(3,914)
Total	(3,830)	958	(630)	(3,502)	191	(1,585)	(4,896)

12 OTHER OPERATING EXPENDITURE

2015/16	2016/17
£000	£000
15 Gains/(Losses) on the disposal of non-current assets	27
15 Total	27

13 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2015/16	2016/17
£000	£000
825 Interest payable and similar charges	815
0 Interest paid in relation to Finance Leases	0
14,639 Net interest on defined pension liability	15,622
(50) Interest receivable and similar income	(64)
(15) Dividend from Subsidiary Company	(11)
15,399 Total	16,362

14 TAXATION AND NON-SPECIFIC GRANT INCOME

2015/16	2016/17
£000	£000
22,255 Council tax income and surplus on collection	22,709
3,269 Non domestic rates	3,554
44 Non domestic rates - Growth Funding	-141
9,943 Pension top up grant	10,147
10,342 Non ringfenced government grants	8,867
54 Capital grants and contributions	14
6,477 Non domestic rates tax top-up grant	6,531
279 Small Business rate relief grant	248
8 Transparency grant	8
52,671 Total	51,937

Note : In 2016/17 NNDR Growth funding was found to have been distributed incorrectly. Precepting authorities had been paying this amount separately but it was agreed that the amount had already been included within the normal surplus/deficit reconciliation process. The overpaid amounts have now been refunded to the Precepting Authorities

15 PROPERTY PLANT AND EQUIPMENT

Movements in 2016/17	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation					
At April 2016	51,566	21,010	1,155	3,793	77,524
Prior Year Adjustments	0	0	0	0	0
Additions	291	714	0	966	1,971
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	(131)	0	0	0	(131)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	487	0	0	0	487
Derecognition - Disposals	(2,646)	(15)	0	(45)	(2,706)
Derecognition - Other					0
Assets reclassified (to)/from Assets Under Construction	4,079	0		(4,079)	0
At 31 March 2017	53,646	21,709	1,155	635	77,145
Accumulated Depreciation & Impairment					
At April 2016	(6,754)	(11,317)	(1,106)	0	(19,177)
Prior Year Adjustments	0	0	0	0	0
Depreciation & Impairment Charges	(1,339)	(1,710)	(6)	0	(3,055)
Depreciation written out to the Revaluation Reserve	3,421				3,421
Depreciation written out to the Surplus/Deficit on the Provision of Services					0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0				0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services					0
Derecognition- Disposals	215	0			215
At 31 March 2017	(4,457)	(13,027)	(1,112)	0	(18,596)
Net Book Value					
at 31st March 2017	49,189	8,682	43	635	58,549
at 31st March 2016	44,812	9,693	49	3,793	58,347

Comparative Movements in 2015/16:	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation					
At April 2015	51,528	17,994	1,155	2,052	72,729
Additions	35	771	0	3,992	4,798
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	420	0	0	0	420
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(414)	0	0	0	(414)
					0
Derecognition - Disposals	(3)	(62)	0	0	(65)
Derecognition - Other					0
Assets reclassified (to)/from Assets Under Construction		2,307		(2,251)	56
At 31 March 2016	51,566	21,010	1,155	3,793	77,524
Accumulated Depreciation & Impairment					
At April 2015	(8,547)	(9,562)	(1,100)	0	(19,209)
Depreciation & Impairment Charges	(1,393)	(1,807)	(6)	0	(3,206)
Depreciation written out to the Revaluation Reserve	2,846				2,846
Depreciation written out to the Surplus/Deficit on the Provision of Services	340				340
Impairment losses/(reversals) recognised in the Revaluation Reserve	0				0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services					0
Derecognition- Disposals		52			52
At 31 March 2016	(6,754)	(11,317)	(1,106)	0	(19,177)
Net Book Value at 31st March 2016	44,812	9,693	49	3,793	58,347

Capital Commitments

At 31 March 2017 the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2016/17 and future years budgeted to cost £2,711k. Similar commitments at 31 March 2016 were £2,042k. The major commitments for 2016/17 are:

- Newark Fire Station £2,420k
- London Road Fire Station £120k
- Tri-Service Control system £171k

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations are carried out by the Valuation Office, the last valuation took place on the 31 March 2017, covering 6 properties and was carried out by Richard Hemsworth MRICS. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

The basis of valuation for various types of property is given in Accounting Policies Note 1.

The following table shows the progress of the Authority's rolling programme for the revaluation of non-current assets.

	Other Land & Buildings £000	Vehicles, Plant, Equipment £000	Surplus Assets £000	Total £000
Carried at Historical cost	0	8,683	0	8,683
Valued at Fair Value as at:				
31 March 2017	11,547	0	0	11,547
31 March 2016	21,774	0	0	21,774
31 March 2015	1,579	0	0	1,579
31 March 2014	6,013	0	0	6,013
31 March 2013	8,277	0	0	8,277
31 March 2012	0	0	43	43
Total Cost or Valuation	49,190	8,683	43	57,916

16 INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

The basis of valuation and amortisation of intangible assets is outlined in Accounting Policies Note 1.

	Software 2016/17 £000	Software Under Construction 2016/17 £000	Software 2015/16 £000	Software Under Construction 2015/16 £000
Balance at start of year:				
• Gross carrying amounts	2,408	362	707	1,634
• Accumulated amortisation	(804)	0	(520)	0
Net carrying amount at start of year	1,604	362	187	1,634
Assets Reclassified	5	0	1,658	(1,712)
Purchases	15	56	44	440
Disposals	(139)		0	
Amortisation for the period	(556)	0	(284)	0
Other Changes - Disposal Amortisation	139		0	
Net carrying amount at end of year	1,068	418	1,605	362
Comprising:				
• Gross Carrying Amounts	2,289	418	2,408	362
• Accumulated amortisation	(1,221)	0	(804)	0
	1,068	418	1,604	362

17 FINANCIAL INSTRUMENTS

The following categories of financial instrument are carried in the Balance Sheet:

	Long Term		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016 restated
	£000	£000	£000	£000
Investments				
Loans and Receivables	0	0	6,481	3,415
Cash and cash equivalents	0	0	3,059	2,101
Total Investments	0	0	9,540	5,516
Debtors				
Receivables	0	0	5,062	3,052
Total Debtors	0	0	5,062	3,052
Borrowings				
Financial liabilities at amortised cost	(21,183)	(18,262)	(2,135)	(2,131)
Total Borrowings	(21,183)	(18,262)	(2,135)	(2,131)
Creditors				
Financial liabilities at amortised cost	0	0	(2,238)	(3,156)
Total Creditors	0	0	(2,238)	(3,156)

Note: the figures for debtors and creditors in the above table include grant receipts in advance but exclude Council Tax and Non Domestic Rates (NDR) debtors and creditors because Council Tax is a statutory debt not arising from a contract and therefore falls outside the scope of financial instruments. The table below provides a reconciliation between the figures in the above table and those on the Balance Sheet.

The values for financial instruments in the above table, and on the Balance Sheet, are all gross figures i.e. no netting of financial instruments has taken place.

	31 March 2017	31 March 2016 restated
	£000	£000
Debtors		
Debtors - as shown on Balance Sheet	5,827	3,950
Less: Council Tax and NDR debtors	(765)	(898)
Debtors Classified as Financial Instruments	5,062	3,052
Creditors		
Creditors - as shown on Balance Sheet	(2,544)	(3,443)
Less: Council Tax NDR prepayments / overpayments	332	312
Grant Receipts in Advance - as shown on Balance Sheet	(26)	(25)
Creditors Classified as Financial Instruments	(2,238)	(3,156)

Income, Expense, Gains and Losses

	2016/17			2015/16		
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Total £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Total £000
Interest Expense	809	0	809	802	0	802
Total expense in Surplus or Deficit on the Provision of Services	809	0	809	802	0	802
Interest Income	0	(64)	(64)	0	(50)	(50)
Total Income in Surplus or Deficit on the Provision of Services	0	(64)	(64)	0	(50)	(50)
Net gain/(loss) for the year	809	(64)	745	802	(50)	752

Fair Value of Financial Assets and Financial Liabilities

The fair value of financial instruments has been determined by calculating the net present value (NPV) of future cashflows. The discount rates used in the NPV calculations are equivalent to the current rates in relation to the same or similar instruments of the same remaining duration from comparable lenders on the date of the valuation. A more detailed explanation of the rates used is given below. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair value of Public Works Loan Board (PWLB) loans of £21.7m is based on new PWLB borrowing rates. This fair value measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for new PWLB loans undertaken at the balance sheet date. The difference between the carrying value and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing PWLB rates.

The Authority also has the ability to prematurely repay its PWLB loans, however the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that would not be paid. The fair value of PWLB loans calculated using premature repayment rates is £25.1m. This fair value is £3.4m higher than that calculated using the PWLB new loans rates because the discount rate is lower and hence the premium payable would be higher.

The fair value of other non-PWLB loans is based on PWLB new loans rates with a margin above gilts applied. This is because there were limited trades in the Lender Option Borrower Option market during the financial year ended 31 March 2017, so comparable market rates are not available. The method adopted is based on the pricing for instruments when the market was more active. The fair value of the non-PWLB loans calculated using PWLB premature repayment rates as a market illustration is £8.4m. This fair value is £2.1m higher than that calculated using new loan rates because the discount rate is lower and hence the premium payable would be higher.

	31 March 2017		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities at amortised cost				
- PWLB Loans	(19,307)	(21,711)	(16,382)	(18,430)
- Other Loans	(4,011)	(6,350)	(4,011)	(5,172)

The fair value of borrowings is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2017) arising from a commitment to pay interest to lenders above current market rates.

	31 March 2017		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	9,540	9,540	5,516	5,516

The 2016/17 CIPFA Accounting Code of Practice ("the Code") reflects the adoption of International Financial Reporting Standard (IFRS) 13 *Fair Value Measurement*. In accordance with IFRS 13, the Code requires authorities to maximise the use of relevant observable inputs and minimise the use of unobservable inputs when measuring fair value. To achieve this objective, authorities are required to follow a fair value hierarchy, which categorises the inputs to valuation techniques used to measure fair value into three levels as follows:

- **Level 1 inputs** - quoted prices (unadjusted) in active markets for identical assets or liabilities that an authority can access at the measurement date.
- **Level 2 inputs** - inputs other than quoted prices included within level 1 that are *observable* for the asset or liability, either directly or indirectly.
- **Level 3 inputs** - *unobservable* inputs for the asset or liability.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value in the Balance Sheet

	31 March 2017			
	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
<i>Recurring fair value measurements using:</i>				
Liabilities				
Loans held at amortised cost	0	(28,061)	0	(28,061)
Assets				
Loans and receivables	0	9,540	0	9,540
Total	0	(18,521)	0	(18,521)

	31 March 2016 Comparative Year			
	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
<i>Recurring fair value</i>				
Liabilities				
Loans held at amortised cost	0	(23,602)	0	(23,602)
Assets				
Loans and receivables	0	5,516	0	5,516
Total	0	(18,086)	0	(18,086)

The fair value for financial liabilities and financial assets that are not measured at fair value included in level 2 in the previous table have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Financial assets	Financial liabilities
<ul style="list-style-type: none"> • no early repayment or impairment is recognised • estimated ranges of interest rates as 31 March 2017 of 0.05% to 0.90% for short term investments and cash equivalents, based on new lending rates for equivalent assets at that date • the fair value of trade and other receivables is taken to be the invoiced or billed amount 	<ul style="list-style-type: none"> • no early repayment is recognised • estimated ranges of interest rates at 31 March 2017 of 0.83% to 2.47% for loans payable based on new lending rates for equivalent loans at that date

18 INVENTORIES**Consumable Stores**

	31 March 2017	31 March 2016
	£000	£000
Balance Outstanding at start of year	342	440
Purchases	343	370
Recognised as an expense in year	(387)	(468)
Written off balances	0	0
Balance outstanding at year end	298	342

19 DEBTORS

	31 March 2017	31 March 2016
	£000	£000
Central Government bodies	2,114	2,029
Other Local Authorities	(41)	(564)
NHS Bodies	21	
Other entities and individuals	3,735	2,484
Total Short Term Debtors	5,829	3,949
Other Entities and Individuals	0	0
Long Term Debtors	0	0
Total	5,829	3,949

20 CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2017	31 March 2016
	£000	£000
Cash held by the Authority		
Bank Current Accounts	19	12
Short-term deposits with banks and building societies	3,040	2,089
Total Cash and Cash Equivalents	3,059	2,101

21 ASSETS HELD FOR SALE

There were no Non Current Assets held for sale either as at 31st March 2016 or at 31st March 2017.

22 CREDITORS

	31 March 2017	31 March 2016
	£000	£000
Central Government bodies	(519)	(826)
Other local authorities	(801)	(964)
NHS Bodies	1	2
Other entities and individuals	(1,225)	(1,655)
Short Term Creditors	(2,544)	(3,443)

23 PROVISIONS

	PROVISIONS			
	Long Term	Short Term		Total
	Insurances	Retained Duty System	Non Domestic Rates Appeals	
	£000	£000	£000	£000
Balance at 1 April 2016	(30)	(22)	(481)	(533)
Additional provisions made in 2016/17	(24)	0	(32)	(56)
Amounts used in 2016/17	11	0		11
Unused amounts reversed in 2016/17	0	0	0	0
Balance at 31 March 2017	(43)	(22)	(513)	(578)

Insurances

This provision allows for potential liabilities arising from existing claims against the authority. Uninsured losses of £11k were covered by the provision during the year. The provision required at 31 March 2017 was determined to be £43k.

Retained Duty System

This liability arises from an employment tribunal test case relating to "Part Time Workers (Prevention of Less Favourable Treatment) Regulations". A prudent estimate was made in 2009/10 and 2010/11 relating to the payment of compensation to Retained Duty System firefighters. During the year amounts of compensation have continued to be paid, although there remain some amounts of compensation to be paid as well as the possibility that further applications for compensation may be made. The remaining provision should cover any outstanding liabilities.

Non Domestic Rates Appeals

From 2013/14, a proportion of Non Domestic Rates collected by Nottinghamshire collecting authorities is retained locally, rather than paid directly to central government. Part of these retained rates are collected on behalf of NFRS, and so a portion of any related provisions must now be recognised by NFRS. This provision allows for possible losses arising from any successful appeals of business premises rateable values in 2016/17.

24 USABLE RESERVES

Usable reserves contain resources which the Authority can apply to the provision of services, either by incurring expenditure or by undertaking capital investment

	31 March 2017	31 March 2016
	£000	£000
General Fund	7,837	7,406
Earmarked Reserves	4,896	3,502
Capital Receipts Reserve	477	0
Capital Grants Unapplied	347	335
Total Usable Reserves	13,557	11,243

General Fund

The General Fund reserve contains accumulated surplus funds which have arisen either as a result of general underspending against the revenue budget or as a result of decisions to transfer revenue resources to the General Fund reserve. This reserve contains resources which could be used to fund any future unforeseen and unbudgeted significant expenditure.

	2016/17	2015/16
	£000	£000
Balance at 1 April	7,406	6,535
Transfer into General Fund Reserve	431	871
Balance at 31 March	7,837	7,406

Earmarked Reserves

Earmarked Reserves contain resources set aside for specific purposes such as future projects. The reserves are created by appropriating amounts out of the General Fund Balance (shown in the Movement in Reserves Statement). When expenditure to be financed from an earmarked reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

	2016/17	2015/16
	£000	£000
Balance at 1 April	3,502	3,832
Application of Earmarked Reserves to finance expenditure	0	(693)
Transfer from General Fund Reserve	1,585	409
Write back reserves no longer required	(191)	(46)
Balance at 31 March	4,896	3,502

Capital Receipts Reserve

The Capital Receipts Reserve holds resources arising from capital receipts which have not yet been applied to finance new capital expenditure or to repay debt.

	2016/17	2015/16
	£000	£000
Balance at 1 April	0	0
Capital Receipts in Year	2,518	30
Capital Receipts applied in year to finance capital	(2,041)	(30)
Balance at 31 March	477	0

Capital Grants Unapplied

The Capital Grants Unapplied Account holds capital grants received in the year, which have not yet been applied to finance new capital expenditure.

	2016/17	2015/16
	£000	£000
Balance at 1 April	335	721
Capital Grants received in Year	13	54
Capital Grants applied in year to finance capital	(1)	(440)
Balance at 31 March	347	335

25 UNUSABLE RESERVES

31 March 2016		31 March 2017
£000		£000
13,657	Revaluation Reserve	15,175
20,819	Capital Adjustment Account	20,419
(449,022)	Pensions Reserve	(558,299)
252	Collection Fund Adjustment Account	296
(245)	Accumulated Absences Account	(212)
(414,539)	Total Unusable Reserves	(522,621)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2015/16		2016/17
£000		£000
10,691	Balance at 1 April	13,657
36	Valuation of Mansfield Fire Station	0
3,425	Upward revaluations of assets	3,289
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of	
(159)	Services	0
<u>3,302</u>		<u>3,289</u>
	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of	
13,993	Services	16,946
	Difference between fair value depreciation and historical	
(334)	cost depreciation	(414)
(2)	Accumulated gains on assets disposed of	(1,357)
<u>(336)</u>	Amount written off to the Capital Adjustment Account	<u>(1,771)</u>
13,657	Balance at 31 March	15,175

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains gains recognised on donated assets that have yet to be consumed by the Authority, and also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2015/16		2016/17
£000		£000
22,415	Balance at 1 April	20,819
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account (CIES)</u>	
	• Charges for depreciation and impairment of non-current	
(2,872)	assets	(3,054)
(523)	• Charges for depreciation re Mansfield fire station	0
414	• Revaluation losses on Property, Plant and Equipment and reversal of previous impairments	487
(284)	• Amortisation of intangible assets	(556)
	• Revenue expenditure funded from capital under statute	
	• Amounts of non-current assets written off on disposal or	
(13)	sale as part of the gain/loss on disposal to the CIES	(2,491)
(3,278)		(5,614)
0	Adjusting amounts written out of the Revaluation Reserve	1,770
(3,278)	Net written out amount of the cost of non-current assets consumed in the year	(3,844)
	<u>Capital financing applied in the year:</u>	
	• Use of Capital Receipts Reserve to finance new capital	
30	expenditure	2,041
	• Capital grants and contributions credited to the CIES	
38	that have been applied to capital financing	0
	• Statutory provision for the financing of capital	
1,103	investment charged against the General Fund balance	1,402
	• Voluntary provision for the financing of capital	
0	investment charged against the General Fund balance	0
	• Application of grants to capital financing from Capital	
402	Grants Unapplied Account	1
	• Capital expenditure charged against the General Fund	
109	balance	0
1,682		3,444
0	Movement in the Donated Assets Account credited to the CIES	0
20,819	Balance at 31 March	20,419

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement (CIES) as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2015/16	2016/17
£000	£000
(459,916) Balance at 1 April	(449,022)
24,530 Remeasurements on the net defined benefit pension	(99,840)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of	
(28,632) Services in the CIES	(24,075)
Employers pensions contributions and direct payments to	
14,996 pensioners payable in the year	14,638
(449,022) Balance at 31 March	(558,299)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2015/16	2016/17
£000	£000
(17) Balance at 1 April	252
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income	
269 calculated for the year in accordance with statutory requirements	44
252 Balance at 31 March	296

Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2015/16	2016/17
£000	£000
(188) Balance at 1 April	(245)
Settlement or cancellation of accrual made at the end of 188 the preceding year	245
<u>(245) Amounts accrued at the end of the current year</u>	<u>(212)</u>
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory (57) requirements	33
(245) Balance at 31 March	(212)

26 CASHFLOW STATEMENT - OPERATING ACTIVITIES

2015/16	2016/17
£000	£000
14,675 Net (Surplus) or Deficit on the Provision of Services	9,215
<u>Adjust net surplus or deficit on the provision of services for non cash movements</u>	
(3,206) Depreciation	(3,055)
414 Impairment and revaluations	488
(283) Amortisation	(556)
1 (Increase)/Decrease in impairment for bad debts	(86)
150 (Increase)/Decrease in Creditors	(1,083)
(525) Increase/(Decrease) in Debtors	3,665
65 Increase/(Decrease) in Inventories	(44)
(13,635) Pension Liability	(9,437)
(220) Contributions (to)/from Provisions	(45)
Carrying amount of non-current assets sold [property plant and	
(15) equipment, investment property and intangible assets]	(2,491)
2 Accrued Interest	14
(17,252)	(12,630)
<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u>	
54 Capital Grants credited to surplus or deficit on the provision of services	14
Proceeds from the sale of property plant and equipment, investment	
30 property and intangible assets	2,518
84	2,532
(2,493) Net Cash Flows from Operating Activities	(883)

CASHFLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2015/16	2016/17
£000	£000
(48) Interest received	(50)
825 Interest paid	815
(15) Dividends received	(11)

27 CASHFLOW STATEMENT - INVESTING ACTIVITIES

2015/16	2016/17
£000	£000
Purchase of property, plant and equipment, investment property and 4,598 intangible assets	2,332
12,100 Purchase of short-term and long-term investments	10,700
Proceeds from the sale of property, plant and equipment, investment (30) property and intangible asset	(2,518)
(13,220) Proceeds from short-term and long-term investments	(7,650)
(54) Other receipts from investing activities	(14)
3,394 Net cash flows from investing activities	2,850

28 CASHFLOW STATEMENT - FINANCING ACTIVITIES

2015/16	2016/17
£000	£000
0 Cash receipts of short and long-term borrowing	(9,000)
71 Repayments of short and long-term borrowing	6,075
71 Net cash flows from financing activities	(2,925)

29 POOLED BUDGETS

The Authority has a pooled budget arrangement with the Local Resilience Forum, which is a multi-agency project for planning and coordinating response to major incidents. This forum involves various public bodies from the Nottinghamshire area including Health Bodies and Local Government Authorities.

The Authority has a pooled budget arrangement for the Multi-Agency Coordination Centre, which is a premise at which a coordinated response to major incidents can be managed. Various Nottinghamshire public bodies, including Health Bodies, Local Government, and Police Authorities are parties to this arrangement.

See note 33 details of balances held relating to this arrangements.

30 MEMBERS' ALLOWANCES

The following amounts were paid to Members of the Authority during the year

	2016/17	2015/16
	£000	£000
Allowances	112	111
Expenses	6	5
Total	118	116

31 OFFICERS' REMUNERATION

The remuneration paid to the Authority's senior employees is as follows:

		Salary, Fees and Allowances	Expense Allowances	Compensation for loss of employment	Total Remuneration excluding Pension Contributions	Pension Contribution	Total
		£	£	£	£	£	£
Chief Fire Officer	2016/17	149179	52	0	149231	32372	181602
	2015/16	140381	18546	0	158927	30461	189388
Deputy Chief Fire Officer	2016/17	122925	52	0	122977	17578	140556
	2015/16	115895	52	0	115947	24836	140783
Assistant Chief Fire Officer	2016/17	111829	52	0	111881	24267	136148
	2015/16	107188	14844	0	122032	23259	145290
Assistant Chief Officer (leave date 30/09/15)	2016/17	0	0	0	0	0	0
	2015/16	48132	26	121245	169403	153887	323290
Head of Finance (senior employee from 01/10/15)	2016/17	59492	172	0	59664	7481	67145
	2015/16	54704	66	0	54770	6893	61662
Treasurer (new position due to restructure, start date 02/11/16)	2016/17	12153	52	0	12205	1527	13732
	2015/16	4967	22	0	4989	626	5614
Total	2016/17	455,578	380	0	455,958	83,225	539,183
Total	2015/16	471,266	33,555	121,245	626,067	239,962	866,029

Note : "Expense Allowances" shows taxable benefits. Employer's National Insurance contributions are excluded from the above table

The table below shows the number of employees whose remuneration was £50,000 or more, in bands of £5,000. It includes the senior officers shown in the previous table. Remuneration is defined as pay, taxable expenses allowances and the monetary value of any benefits such as a provided car. Employer's pension contributions are excluded.

Remuneration Band	2016/17	2015/16
	Number of employees	Number of employees
£50,000-£54,999	19	27
£55,000-£59,999	7	5
£60,000-£64,999	4	4
£65,000-£69,999		
£70,000-£74,999		1
£75,000-£79,999	2	4
£80,000-£84,999		
£85,000-£89,999	1	
£90,000-£94,999		
£95,000-£99,999		
£100,000-£104,999		
£105,000-£109,999		1
£110,000-£114,999	1	
£115,000-£119,999		1
£120,000-£124,999	1	
£125,000-£129,999		
£130,000-£134,999		
£135,000-£139,999		
£140,000-£144,999		1
£145,000-£149,999	1	
£150,000-£154,999		
£155,000-£159,999		
£160,000-£164,999		
£165,000-£169,999		1

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band		(e) Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0-£20,000	0	0	3	1	3	1	36,674	12,698
£20,001 - £40,000	0	0	6	0	6	0	173,458	0
£100,001 - £150,000	1	0	0	0	1	0	121,245	0
Total	1	0	9	1	10	1	331,377	12,698

32 EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, statutory inspections provided by the Authority's external auditors and other services provided by the Authority's external auditors.

	2016/17	2015/16
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	31	31
Fees payable in respect of statutory inspections	0	0
Fees payable in respect of other services provided by the appointed auditor	0	5
Audit Commission Rebate	0	0
Total	31	36

33 GRANT INCOME

The Authority credited the following grants, contributions and donations to the Net Cost of Services in the Comprehensive Income and Expenditure Statement. Other grants have been credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement. These grants are detailed in note 14.

	2016/17	2015/16
	£000	£000
Credited to Services		
Firelink grant (part of the Fire Revenue grant DCLG)	(323)	(270)
New Dimension grant (part of the Fire Revenue grant DCLG)	(122)	(122)
New Risks grant	(20)	(20)
Emergency Services Mobile Communications grant	(1,070)	(19)
Sponsorship of events and awards	0	(1)
Miscellaneous Community Safety donations	(13)	0
Total	(1,548)	(432)

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income because they have conditions attached to them that will require the monies or property to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

Current Liabilities

	31 March 2017	31 March 2016
	£000	£000
Grants Receipts in Advance (Revenue Grants)		
Local Resilience Forum	(11)	(11)
Multi Agency Coordination Centre	(14)	(14)
Regional Recruitment Portal	(1)	(1)
Total	(26)	(26)

34 RELATED PARTIES

The Authority is required to disclose material transactions with related parties, which are bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central government has significant influence over the general operations of the Authority. It is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills). Grants received from government departments are set out in the analysis in Note 33 and Note 14.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. Details of members' allowances and expenses are shown in Note 30.

Officers

Some senior employees have significant influence over the Authority's activities. Details of senior officers' remuneration are shown in Note 31.

Nottinghamshire County Council and Nottingham City Council

The Authority is made up of 12 members from Nottinghamshire County Council and 6 members from Nottingham City Council, and so a related party relationship exists between the Authority and these Councils by way of common control. Significant transactions are detailed below, and include expenditure on cleaning and maintenance services and income from partnership working.

	Nottinghamshire County Council		Nottingham City Council	
	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>
	£000	£000	£000	£000
Expenditure during year	513	648	638	1,280
Income during year	3	3	2	19
Creditor at 31 March	3	176	23	1
Debtor at 31 March	0	0	0	0

Other Public Bodies

Some members of the Authority are also members of other local Borough or District Councils in Nottinghamshire. Other public bodies such as Fire Authorities are subject to varying degrees of common control or significant influence by central government. The Authority carries out transactions with such bodies from time to time, including income and expenditure from the provision of goods or services, partnership working and pooled budgets, including transactions at other than commercial value. In 2016/17 the value of such transactions was insignificant. Note that council tax receipts from collecting authorities and transactions with tax authorities are considered to be agency arrangements, and do not qualify as related party relationships.

Entities Controlled or Significantly Influenced by the Authority

The Authority is the sole shareholder of Nottinghamshire Fire & Rescue Service (Trading) Limited, with 1 officer and 3 members forming the Board of Directors. The Authority recovers costs incurred in the provision of certain goods and services to the Company including finance, payroll, human resources, insurance and transport. The Company is the Authority's provider of fire extinguisher maintenance services.

The Authority provided a loan of £55k to the Company on the commencement of trading on 1 September 2010. The loan is a revolving credit facility allowing the Company to draw down up to a maximum of £100k and decrease to nil at any time and interest is charged at 15 basis points above the Bank of England bank rate, a rate negotiated at arm's length. During 2015/16 the outstanding balance of the loan was repaid in full. The Authority's transactions and balances with the Company are detailed below. Note 40 provides more details regarding the company's transactions for the year 2016/17.

	Nottinghamshire Fire & Rescue Service (Trading) Ltd	
	<u>2016/17</u>	<u>2015/16</u>
	£000	£000
Expenditure during year	10	40
Income during year	59	68
Creditor at 31 March	0	1
Debtor at 31 March	0	0
Outstanding loan to Trading Company	0	0

Other than the items detailed above, there were no members or officers with significant influence over the authority who had an interest in an organisation with which the Authority carried out significant transactions or held significant balances.

35 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The change in the CFR is analysed in the second part of this note.

	2016/17	2015/16
	£000	£000
Opening Capital Financing Requirement	25,758	22,160
<i>Capital Investment</i>		
Property, Plant and Equipment - (Operational)	967	804
Property, Plant and Equipment - (Non Operational)	1,005	3,992
Intangible Assets (including under construction)	76	484
<i>Sources of Finance</i>		
Capital Receipts	(2,518)	(30)
Government grant and other contributions	(1)	(440)
Sums set aside from revenue:		
Direct revenue contributions	0	(109)
Minimum / Voluntary Revenue Provision	(1,402)	(1,103)
Closing Capital Financing requirements	23,885	25,758
Explanation of Movements in Year		
Decrease in underlying need to borrow (unsupported by government financial assistance)	0	3,598
(Decrease) / Increase in Capital Financing Requirement	(1,873)	3,598

36 LEASES**Authority as Lessee**

The Authority currently has no assets which would be defined as assets subject to operating lease arrangements. This was also the case in 2015/16.

Authority as LessorOperating Leases

The Authority has entered into an operating lease arrangement with Nottinghamshire Police in respect of one of its properties, which is currently not required for operational purposes. Annual rentals are varied therefore the straight line method of accounting for rental income to the Comprehensive Income and Expenditure Statement, is not used. (See item in the Statement of Accounting Policies - Note 1). Rent received in 2016/17 was £10k and in 2015/16 was £10k.

Future contracted receipts are:

	£000's
Within 1 year	12
Within 2 to 5 years	60
Over 5 years	9 *

*The rent receivable in these years is £15,000 or 75% of the commercial rent applicable in each year, whichever is the greater. The figure stated above is based on the minimum amount receivable.

37 TERMINATION BENEFITS

The Authority terminated the contract of one employee in 2016/17 incurring redundancy and other termination costs of £16k in 2016/17 (£337k in 2015/16).

Pension strain costs arising from early retirements without actuarial reduction of pension are also classed as termination benefits. The Authority has paid £57k in pension strain recharge costs in 2016/17, however these payments relate to contracts terminated in 2015/16.

38 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make these payments in the future.

As at 31 March 2017 the Authority participates in four post-employment schemes, all of which are defined benefit schemes:

1) The Local Government Pension Scheme (LGPS)

This scheme is for administrative, support and Control employees. It is a funded scheme, which means that contributions are paid into a fund with the intention of balancing pension liabilities with pension assets. It is administered in accordance with statute (principally the Local Government Pension Scheme Regulations 2013), and it provides benefits based on career average revalued earnings.

The administering authority for the fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day Fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisors. The administering authority is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

By participating in the Local Government Scheme, the Authority is exposed to a number of risks:

- a) Investment risk: The Fund holds investments in assets such as equities which have volatile market values and, while these asset are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- b) Interest rate risk: The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities, the value of assets and liabilities may not move in the same way.
- c) Inflation risk: All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- d) Longevity risk: In the event that the members live longer than assumed, a deficit will emerge in the fund. There are also other demographic risks.
- e) "Orphan" liability risk: As many unrelated employers participate in the Nottinghamshire County Council Pension Fund, there is an orphan liability risk that employers may leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers

These risks are mitigated to a certain extent by the requirement to charge the General Fund with the amounts payable to the pension fund or pensioners at the year end, in accordance with statute.

2) The Firefighters' Pension Scheme 1992 (1992 FPS)

The Firefighters' Pension Scheme 1992 is an unfunded pension scheme. This scheme has been closed to new entrants since 6 April 2006. Its members are wholetime firefighters. It is a defined benefit, final salary scheme and its arrangements are governed by statute (the Firemen's Pension Scheme Order 1992).

3) The Firefighters' Pension Scheme 2006 (2006 NFPS)

The Firefighters' Pension Scheme 2006 is also an unfunded pension scheme. This scheme came into effect from April 2006 and its members are retained firefighters and wholetime firefighters. Like the 1992 FPS, it is a defined benefit, final salary scheme and its arrangements are governed by statute (the Firefighters' Pension Scheme (England) Order 2006). The Firefighters' Pension Scheme (England) (Amendment) Order 2014 introduced a new modified version of the 2006 Scheme which is available to individuals who were employed as retained firefighters during the period 1 July 2000 to 5 April 2006. Although this modified version does not constitute a scheme on its own, it has different benefits to the main 2006 Scheme. The 2006 Scheme has been closed to new entrants since 1 April 2015.

4) The Firefighters' Pension Scheme 2015 (2015 FPS)

The Firefighters' Pension Scheme 2015 came into effect on 1 April 2015. Like the 1992 FPS and the 2006 NFPS, it is an unfunded defined benefit scheme and its arrangements are governed by statute (the Firefighters' Pension Scheme (England) Regulations 2014). However, unlike the other two firefighters' schemes, it is a career average rather than a final salary scheme. This scheme will eventually replace the 1992 FPS and 2006 NFPS after a transitional phase which will last for 10 years. The Firefighters' Pension Scheme (England) (Transitional and Consequential Provisions) Regulations 2015 protects the rights that members have accrued in the 1992 and 2006 schemes, and sets out the transitional arrangements for transferring members of these schemes into the 2015 scheme. Its members are retained firefighters and wholetime firefighters who were first appointed by an English fire and rescue authority on or after 1 April 2015, and firefighters who were transferred from the 1992 FPS or 2006 NFPS.

The three Firefighters' Schemes are very similar in nature. They are unfunded pension schemes, meaning that there are no investment assets to meet the cost of pension liabilities and cash has to be generated to meet pension payments as they fall due. The Authority has primary responsibility for meeting the costs and managing the risks relating to the firefighters' pension arrangements. However, there is currently an arrangement in place whereby the cost of the schemes are met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office. Any surplus funding is paid over to the Home Office.

The 1992 FPS and 2006 NFPS provide benefits based on final salary and length of service at retirement, and the 2015 FPS provides benefits based on revalued average salary. The governance arrangements are managed by the Authority, and this essentially involves managing the cash flows and being responsible for the administration of the schemes. The day to day administration is carried out by Leicestershire County Council on behalf of the Authority.

Given that the pension schemes are unfunded, the contributions payable are simply those which are sufficient to meet the benefit outgo as and when it arises. As mentioned above, this benefit outgo is largely underwritten by the Home Office. By participating in these pension schemes, the Authority is exposed to some risks:

- a) There are no investment risks in relation to these schemes as they are unfunded. The greatest single risk is that the government could change the arrangements for meeting part of the benefit outgo, which could increase the Authority's contributions.
- b) There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

A Pension Top-up Grant is received annually from the government to meet the cost of the net funding deficit for the three firefighters' schemes. It is paid directly to the Firefighters' Pension Fund (see the Pension Fund statements on pages 103 to 108) and it is therefore not the Authority's income, however in IAS 19 terms it is a current contribution towards the Authority's liabilities for retirement benefits. The grant is therefore credited to other operating income in the Comprehensive Income and Expenditure Statement. The grant is not treated as an asset of the firefighters' pension schemes, but as a source of income to the schemes it does reduce the year end pension liability.

Past service costs of £252k and £501k relating to the 1992 FPS and the 2006 NFPS respectively are recognised under Corporate and Centralised Services in the Comprehensive Income and Expenditure Statement. The 1992 FPS past service costs relate to the refund of contributions to members who had continued to contribute to the pension scheme beyond the point at which they had accrued maximum pensionable service. More detail can be found in the notes to the Pension Fund Statements on page 104. The 2006 NFPS past service costs relate to the purchasing of back service credits by members of the Modified Scheme.

The Authority also participates in the Firefighters' Compensation Scheme. The Firefighters' Compensation Scheme (England) Order 2006 makes provision for the payment of pensions, allowances and gratuities to and in respect of persons who die or are permanently disabled as a result of an injury sustained or disease contracted while employed by a fire and rescue authority. The level of benefits payable is dependent on salary, service and the degree of disablement of the individual at the time the injury is incurred. Therefore the level of long term benefits can be both material and volatile. For this reason the Compensation Scheme is treated as an unfunded defined benefit scheme and accounted for, under International Accounting Standard 19 (IAS 19), in the same manner as for the Firefighters' Pension Schemes.

The Compensation Scheme is administered by the Authority in accordance with statutory arrangements. The cost of the scheme is met solely by the Authority. The risks arising from the Authority's participation in this scheme are as follows:

- a) There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

- b) There is a risk that the government could change the arrangements of the scheme in such a way that the costs incurred by the Authority are significantly increased.
- c) Historically the number of firefighters who are permanently disabled or who die as a result of injuries sustained or diseases contracted whilst in the employment of the Authority is very low, so the number of injury pension recipients is relatively small. However, the Authority is committed to pay benefits as and when they fall due, so if the number of occurrences were to increase it could have a significant impact on the amounts payable.

Transactions Relating to Post-employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government		Firefighters' £'000	
	£'000			
	2016/17	2015/16	2016/17	2015/16
Comprehensive Income and Expenditure Statement				
<i>Cost of Services</i>				
Service cost comprising:				
- current service costs	1,267	1,389	6,424	7,683
- past service costs	0	392	753	4,528
Administration expenses	9	1	0	0
<i>Financing and Investment Income and Expenditure</i>				
Net interest expense	598	571	15,024	14,068
<i>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</i>	1,874	2,353	22,201	26,279
<i>Other Post-employment Benefit charges to the Comprehensive Income and Expenditure Statement</i>				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(4,610)	1,002	0	0
Actuarial (gains) and losses arising on changes in demographic assumptions	666	0	0	0
Actuarial (gains) and losses arising on changes in financial assumptions	10,824	(3,257)	93,871	(22,268)
Experience (gains) and losses	(1,057)	(7)	0	0
Other actuarial gains and losses	146	0	0	0
<i>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	7,843	91	116,072	4,011
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(1,874)	(2,353)	(22,201)	(26,279)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
Employers' contributions payable to the scheme	896	1,117	13,076	13,051
Retirement benefits payable to pensioners			666	828

	Firefighters' Pension Scheme 1992 £'000		Firefighters' Pension Scheme 2006 £'000		Firefighters' Pension Scheme 2015 £'000		Firefighters' Compensation Scheme £'000	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Comprehensive Income and Expenditure Statement								
<i>Cost of Services</i>								
Service cost comprising:								
current service cost	2,602	3,433	349	460	2,654	2,872	819	918
past service cost	252	1,819	501	2,709	0	0	0	0
<i>Financing and Investment Income and Expenditure</i>								
Net interest expense	13,208	12,569	882	750	193	63	741	686
<i>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</i>	16,062	17,821	1,732	3,919	2,847	2,935	1,560	1,604
<i>Other Post-employment Benefits charges to the Comprehensive Income and Expenditure Statement</i>								
Remeasurement of the net defined benefit liability comprising:								
Actuarial (gains) and losses arising on changes in demographic assumptions	0	0	0	0	0	0	0	0
Actuarial (gains) and losses arising on changes in financial assumptions	73,910	(18,439)	9,667	(2,328)	5,062	(436)	5,232	(1,065)
Experience (gains) and losses	0	0	0	0	0	0	0	0
<i>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	89,972	(618)	11,399	1,591	7,909	2,499	6,792	539
Movement in Reserves Statement								
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code <i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	(16,062)	(17,821)	(1,732)	(3,919)	(2,847)	(2,935)	(1,560)	(1,604)
Employers' contributions payable to the scheme (inclusive of government top-up grant)	14,356	14,532	(62)	(398)	(1,218)	(1,083)		
Retirement benefits payable to pensioners							666	828

Pension Assets and Liabilities Recognised in the Balance Sheet

Reconciliations of the amounts included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans:

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Firefighters' Schemes:

	Unfunded Liabilities: Firefighters' Pension Scheme 1992		Unfunded Liabilities: Firefighters' Pension Scheme 2006		Unfunded Liabilities: Firefighters' Pension Scheme 2015		Unfunded Liabilities: Firefighters' Compensation Scheme	
	£'000 2016/17	£'000 2015/16	£'000 2016/17	£'000 2015/16	£'000 2016/17	£'000 2015/16	£'000 2016/17	£'000 2015/16
Opening balance at 1 April	(383,169)	(398,319)	(25,000)	(23,011)	(3,582)	0	(21,099)	(21,388)
Current service cost	(2,602)	(3,433)	(349)	(460)	(2,654)	(2,872)	(819)	(918)
Past service cost	(252)	(1,819)	(501)	(2,709)	0	0	0	0
Interest cost	(13,208)	(12,569)	(882)	(750)	(193)	(63)	(741)	(686)
Contributions from scheme participants	(605)	(1,054)	(206)	(557)	(1,293)	(1,158)	0	0
Remeasurement gains and (losses):								
Actuarial gains/losses arising from changes in demographic assumptions	0	0	0	0	0	0	0	0
Actuarial gains/losses arising from changes in financial assumptions	(73,910)	18,439	(9,667)	2,328	(5,062)	436	(5,232)	1,065
Experience gains/losses on defined benefit obligation	0	0	0	0	0	0	0	0
Benefits paid net of transfers (in)/out	14,961	15,586	144	159	75	75	666	828
Closing balance at 31 March	(458,785)	(383,169)	(36,461)	(25,000)	(12,709)	(3,582)	(27,225)	(21,099)

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Local Government Pension Scheme:

	Funded Liabilities: Local Government Pension Scheme	
	£'000 2016/17	£'000 2015/16
Opening balance at 1 April	(40,126)	(41,067)
Current service cost	(1,267)	(1,389)
Interest cost	(1,512)	(1,387)
Contributions from scheme participants	(339)	(332)
Remeasurement gains and (losses):		
Actuarial gains/losses arising from changes in demographic assumptions	(666)	0
Actuarial gains/losses arising from changes in financial assumptions	(10,824)	3,257
Experience gains/losses on defined benefit obligation	1,057	7
Losses on curtailment	0	(392)
Benefits paid net of transfers (in)/out	1,002	1,155
Unfunded pension payments (LGPS only)	22	22
Closing balance at 31 March	(52,653)	(40,126)

Reconciliation of the Movements in the Fair Value of the Local Government Pension Scheme Assets

	Local Government Pension Scheme	
	2016/17 £'000	2015/16 £'000
Opening fair value of scheme assets	23,954	23,869
Interest income	914	816
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	4,610	(1,002)
Other actuarial gains/(losses)	(146)	0
Contributions from employer	896	1,117
Contributions from employees into the scheme	339	332
Benefits paid (including unfunded benefits)	(1,024)	(1,177)
Administration expenses	(9)	(1)
Closing fair value of scheme assets	29,534	23,954

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets at 31 March 2017			Fair value of scheme assets at 31 March 2016		
	£'000	% Quoted	% Unquoted	£'000	% Quoted	% Unquoted
Equities:						
• UK investments	8,836	30%	<1%	7,764	32%	<1%
• Overseas investments	11,347	38%		8,459	35%	
• Private equity investments – unspecified origin	473		2%	455		2%
Equities subtotal	20,656	68%	2%	16,678	67%	2%
Gilts:						
• UK fixed interest gilts	903	3%		745	3%	
• Overseas fixed interest gilts	0	0%		0	0%	
• UK inflation-linked gilts	0	0%		0	0%	
Gilts subtotal	903	3%		745	3%	
Other Bonds:						
• UK corporate bonds	1,694	6%		1,567	7%	
• Overseas corporate bonds	88	<1%		71	<1%	
• Inflation-linked bonds	0	0%		0	0%	
Bonds subtotal	1,782	6%		1,638	7%	
Property	3,284		11%	3,026		13%
Cash	1,486		5%	971		4%
Inflation-linked pooled fund	737		3%	674		3%
Infrastructure	686		2%	222		1%
Total	29,534	77%	23%	23,954	77%	23%

Further information about the Fund's assets can be obtained from the Pension Fund Annual Report, which can be accessed online at www.nottspf.org.uk.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities of the Local Government Pension Scheme and the Firefighters' schemes have been assessed by Barnett Waddingham Public Sector Consulting and Mercer Limited respectively, both of whom are independent firms of actuaries.

The most recent full actuarial valuations for the Local Government Pension Scheme and the Firefighters' schemes were carried out at 31 March 2016 and 31 March 2015 respectively. In updating the the net liability figure as at 31 March 2017 both firms of actuaries have adopted a roll-forward approach. This approach takes into account the cashflows paid into and out of each scheme before taking into consideration any changes in assumptions.

The rate of interest used to discount the post-employment benefit obligations is based on the market yields at the reporting date on high quality corporate bonds of equivalent currency and term to the scheme liabilities. In assessing the liabilities for retirement benefits at 31 March 2017 the actuaries have used rates of 2.8% and 2.5% respectively for the Local Government Pension Scheme and the Firefighters' schemes, compared with rates of 3.8% and 3.5% at 31 March 2015. This material decrease in discount rates has been the major contributing factor to the actuarial loss on financial assumptions of £104.7m, which represents a significant increase in liabilities. This actuarial loss on financial assumptions is recognised in the Comprehensive Income and Expenditure Statement in the other comprehensive income and expenditure section of the statement. Other remeasurements on the net defined pension liability are also included in the amount shown in other comprehensive income and expenditure, the details of which can be found in the breakdown of Transactions Relating to Post-Employment Benefits on page 91.

The principal assumptions used by the actuaries in their calculations were:

	Local Government Pension Scheme		Firefighters' Schemes 1992, 2006 and 2015		Firefighters' Compensation Scheme	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
<i>Mortality assumptions:</i>						
<i>Longevity at 65 for current pensioners (LGPS) and at 60 for current pensioners (FF Schemes):</i>						
Men	22.5	22.1	28.4	28.2	25.8	25.6
Women	25.5	25.3	30.9	30.8	28.3	28.2
<i>Longevity at 65 for future pensioners (LGPS) and at 60 for future pensioners (FF Schemes):</i>						
Men	24.7	24.4	30.8	30.7	28.1	28.0
Women	27.8	27.7	33.3	33.2	30.6	30.5
Rate of inflation (CPI)	2.7%	2.5%	2.3%	2.0%	2.3%	2.0%
Rate of increase in salaries	4.2%	4.3%	3.8%	3.5%	3.8%	3.5%
Rate of increase in pensions	2.7%	2.5%	2.3%	2.0%	2.3%	2.0%
Rate for discounting scheme**	2.8%	3.8%	2.5%	3.5%	2.5%	3.5%

**The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. This approach is not necessarily realistic, since some assumptions are related: for example, if inflation were to increase it might be reasonable to expect that nominal yields on corporate bonds will increase also. However, it enables the reader to isolate one effect from another. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity analysis for the Firefighters' Schemes

	Firefighters' Pension Scheme 1992		Firefighters' Pension Scheme 2006	
	Impact on the defined benefit liability £'000	Impact on the projected service cost £'000	Impact on the defined benefit liability £'000	Impact on the projected service cost £'000
Increase discount rate by 0.1% p.a.	-7,132	-104	-1,066	-25
Increase inflation by 0.1% p.a.	7,251	107	1,100	26
Increase pay growth by 0.1% p.a.	1,492	43	723	16
Increase life expectancy by 1 year	11,982	101	878	18

	Firefighters' Pension Scheme 2015		Firefighters' Compensation Scheme	
	Impact on the defined benefit liability £'000	Impact on the projected service cost £'000	Impact on the defined benefit liability £'000	Impact on the projected service cost £'000
Increase discount rate by 0.1% p.a.	-487	-250	-443	-29
Increase inflation by 0.1% p.a.	506	260	452	30
Increase pay growth by 0.1% p.a.	0	0	145	14
Increase life expectancy by 1 year	280	144	773	28

Sensitivity analysis for the LGPS

	£'000	£'000	£'000
Adjustment to discount rate:	+0.1%	0.0%	-0.1%
Impact on the defined benefit liability	51,544	52,653	53,786
Impact on the projected service cost	1,970	2,020	2,072
Adjustment to long term salary increase:	+0.1%	0.0%	-0.1%
Impact on the defined benefit liability	52,853	52,653	52,454
Impact on the projected service cost	2,020	2,020	2,020
Adjustment to pension increases and deferred revaluation:	+0.1%	0.0%	-0.1%
Impact on the defined benefit liability	53,586	52,653	51,741
Impact on the projected service cost	2,072	2,020	1,969
Adjustment to mortality age rating assumption:	+0.1%	0.0%	-0.1%
Impact on the defined benefit liability	54,562	52,653	50,812
Impact on the projected service cost	2,084	2,020	1,958

Asset and Liability Matching Strategy

The Local Government Pension Scheme does not use any asset and liability matching strategies to manage risk. The Pension Fund Annual Report details the nature and extent of risks arising from financial instruments, and the Fund's Risk Management Strategy and Risk Register details the measures taken to mitigate those risks. These documents are available at www.nottspf.org.uk.

Impact on the Authority's Cash Flows

The defined benefit liability shows the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £558m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, however statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The net liability on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. The aims of the Fund are to keep employer contribution rates as constant as possible. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities.

- Finance is only required to be raised to cover firefighter pensions when the pensions are actually paid, and any shortfalls are currently met by the Home Office.
- Finance is only required to be raised to cover the costs of the firefighters' compensation scheme when the pensions are actually paid, and these costs are included in the Authority's annual budget. The amount spent in 2016/17 was £668k.

The total contributions expected to be made by the Authority to the Local Government Pension Scheme in the year to 31 March 2018 is £963k. The total expected contributions for the Firefighters' Pension Schemes and Compensation Scheme are £13.6m inclusive of government top-up grant.

The weighted average duration of the defined benefit obligation for Local Government Pension Scheme Members is 22 years. The weighted average durations of the defined benefit obligations of the 1992 FPS, 2006 NFPS, 2015 FPS and the Firefighters' Compensation Scheme are 15 years, 30 years, 39 years and 16 years respectively.

39 CONTINGENT ASSETS AND LIABILITIES

At 31 March 2017, the Authority had the following contingent assets:

The Authority is involved in the prosecution of a business which is deemed to have breached fire safety regulations. If the prosecution is successful the court may direct that costs are repaid to the Authority. The amount involved is unlikely to be a material sum.

At 31 March 2017, the Authority had no contingent liabilities, however after this date (in May 2017), a former employee notified the Authority of their intent to make a claim against the Authority for constructive dismissal and disability discrimination. The Authority has not been formally notified of such a claim as at the date of authorisation of this Statement of Accounts. It is not possible at this early stage to quantify the amount of a penalty against the Authority if such a claim was to be successful.

40 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Authority may be required to renew a financial instrument on maturity at less advantageous interest rates or terms
- Market risk – the possibility that financial loss might arise as a result of changes in, for example, interest rates.

The annual treasury management strategy for 2016/17 was approved by the Authority on 26 February 2016. The key issues within the strategy were:

- The Authorised Limit for 2016/17 was set at £30.8m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was set at £28.0m. This is the expected maximum level of debt and other long term liabilities during the year.
- The maximum proportions of fixed and variable interest rate exposure were set at 100% and 30% respectively.
- Maximum and minimum exposures to the maturity structure of debt were set, which restricted the amount of short term debt as a way of reducing exposure to re-financing risk.
- An upper limit of £2.0m was set for principal sums invested for longer than 364 days.

The Authority has adopted the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (updated) and sets prudential and treasury indicators each year to control the key risks arising from financial instruments.

Credit Risk

Credit risk arises from deposits with financial institutions and from providing chargeable services to customers. The Authority has a list of approved banks and financial institutions to which it will lend surplus cash. The list is based on minimum independent credit ratings from Fitch, Moodys and Standards and Poor, which are overlaid by credit outlooks, credit default swap spreads and sovereign ratings to give an overall rating for each counterparty which indicates a maximum term for investments. The annual investment strategy also considers maximum amounts to be deposited with any one institution. The Authority is advised of ratings changes by Capita Asset Services and the list is updated accordingly on an ongoing basis.

The Authority's maximum exposure to credit risk in relation to its investments with banks and other local authorities cannot be assessed generally as the risk of any institution failing to make interest payments or to repay the principal sum will be specific to each individual institution. Experience has shown that it is rare for such entities to be unable to meet their commitments and there was no evidence at 31 March 2017 that any of the Authority's deposits might not be repaid.

Invoices to customers for chargeable services are usually of relatively low value. The Authority actively pursues outstanding debts and the Debt Recovery Policy provides for non emergency services to be ceased to non paying customers.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on actual experience in terms of deposits and the percentage of debt which has been written off as unrecoverable over the last 5 years in terms of debtors. There were seven deposits as at 31 March 2017 showing on the Balance Sheet, comprised of five call accounts, one business premium account, and one fixed term deposit with local authority.

	Estimated Maximum Exposure to Amount at 31 March 2017 £000	Historical experience of default %	Estimated Maximum Exposure to Amount at 31 March 2016 £000
Deposits with Banks and Financial Institutions	9,490	0	5,485
Customers	144	0.00%	19
	9,634	0	5,504

Of the £144k shown in the above table as due from customers, £138k was not yet due for payment as at 31 March 2017 and £6k was past its due date for payment. The past due amount is analysed by age as follows:

	31 March 2017 £000	31 March 2016 £000
Less than one month overdue	0	4
1 to 2 months overdue	0	1
2 to 5 months overdue	0	0
More than 5 months overdue	6	12
	6	17

Liquidity Risk

The Authority manages its liquidity position through the risk management procedures outlined above (the setting and approval of prudential indicators and the approval of the treasury management strategy), as well as through cash flow management processes. This ensures that sufficient cash balances are maintained to meet daily revenue requirements without recourse to borrowing other than short term borrowing to deal with temporary cash flow deficits.

The Authority has ready access to borrowings from the money markets to cover any day to day cash flow needs and is able to access borrowings from the Public Works Loan Board for longer term funds so there is no significant risk that it will be unable to raise funds in order to meet its commitments relating to financial liabilities.

All trade and other payables are due to be repaid within one year.

Re-financing Risk

The risk to which the Authority is exposed is that it will need to replenish its borrowings when interest rates are unfavourable. The Authority's strategy is to place limits on the percentage of borrowings due to mature within 10 years, as follows: maturing within 12 months – less than 20%; maturing 12 months to 5 years – less than 30%; maturing 5 years to 10 years – less than 75%. Between 0% and 100% of borrowings may fall due for repayment after 10 years, and between 30% and 100% of borrowings may fall due for repayment after 20 years. This strategy allows the Authority time to restructure debt when interest rates are favourable.

The Authority borrowed £4m under a "Lender Option Borrower Option" instrument on 7 March 2008 and the assumption has been made that the loan will be repaid on the maturity date.

The maturity analysis of financial liabilities (principal sums only) is as follows:

	31 March 2017	31 March 2016
	£000	£000
Less than 1 year	2,135	2,131
Between 1 and 2 years	2,583	2,079
Between 2 and 5 years	1,694	4,225
Between 5 and 10 years	3,006	3,058
Between 10 and 15 years	0	0
Over 15 years	13,900	8,900
	23,318	20,393

Market Risk

The Authority has no investments in equity shares and therefore has no exposure to loss arising from movements in share prices.

The Authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from exchange rate movements.

The Authority is exposed to risk in terms of interest rate movements on borrowings and investments. A rise in fixed interest rates would have the following effects:

- For borrowings at fixed interest rates, the fair value of the borrowing would fall (but this would not impact upon revenue balances)
- For investments at fixed interest rates, the fair value of the assets will fall (but this would not impact upon revenue balances)

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The strategy is to set a maximum proportion of interest on borrowing which is subject to variable rates. This maximum is determined annually, kept under review and reported to the Fire Authority through the Treasury Management Strategy. In 2016/17, this maximum was set at 30%. In addition, the annual Treasury Management Strategy includes an expectation of interest rate movements, which can be taken into account when planning borrowing and investment activities and when determining whether fixed or variable rate instruments are appropriate. The portfolio of long term borrowings is kept under review and may be restructured when interest rate changes make it advantageous to do so.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Decrease in fair value of fixed rate investment assets	1
Decrease in fair value of fixed rate borrowings	4,200

The impact of a 1% fall in interest rates would be an equivalent increase in fair value.

41 INTERESTS IN COMPANIES**Nottinghamshire Fire and Rescue Service (Trading) Limited.****Principal activities**

Nottinghamshire Fire Safety Limited is a limited company and wholly owned by Nottinghamshire Fire and Rescue Service. The company was formed on 1st September 2010. The company is engaged in fire extinguisher sales and maintenance together with some safety training activity.

It has been determined that the Authority does control this subsidiary on the basis that the Authority has the power to govern its financial and operating policies so as to benefit from its activities because the board of directors of the subsidiary comprises three elected members and one officer of the Authority. The accounts of this subsidiary are not consolidated with the accounts of the Authority because the turnover of the company and the value of the Authority's investment in it are not material when considered in the context of the Authority's accounts, and corporate governance objectives can be effectively achieved without consolidation. Instead, separate financial statements are prepared for the Authority and for the subsidiary. The Authority has the ability to invest in the subsidiary (in the form of a loan) . There is currently no loan outstanding but any balance would be accounted for at cost and shown as a short term investment on the Authority's Balance Sheet and a liability on the subsidiary's Balance Sheet.

The company is considered to be a related party to the Authority, and details of transactions between the two entities have been disclosed in Note 34. The Authority's maximum exposure to loss from its interest in the subsidiary is limited to the share capital sum of £1.

Key Financial Information for Nottinghamshire Fire and Rescue Service (Trading) Limited:

	2016/17	2015/16
	£000	£000
Profit and Loss		
Turnover	423	380
Operating Profit	36	65
Profit on Ordinary Activities before Taxation	36	65
Profit on Ordinary Activities after Taxation	29	52
Balance Sheet		
Net Current Assets	222	203

The accounts of the company can be obtained from:

Nottinghamshire Fire Safety Limited
Bestwood Lodge
Bestwood Lodge Drive
Arnold
Nottingham
Nottinghamshire

PENSION STATEMENTS

PENSION FUND ACCOUNT

2015/16		2016/17
£000		£000
	Contributions Receivable	
	Fire Authority:	
(3,102)	Contributions in relation to pensionable pay	(2,911)
(180)	Other (Ill Health Retirements)	(248)
<u>(2,776)</u>	Firefighters' contributions	<u>(2,347)</u>
(6,058)	Total Contributions Receivable	(5,506)
	Transfers in from other authorities	
(40)	Transfers in from other schemes	(34)
	Benefits Payable	
11,825	Pensions	12,123
3,957	Commutations and lump sum retirement benefits	3,343
145	Lump sum death benefits	0
120	Other	55
<u>16,047</u>	Total Benefits Payable	<u>15,521</u>
	Payments to and on account of Leavers	
217	Transfers out to other schemes	0
	Refunds of Contributions	
0	Contribution holiday refund payments	252
<u>10,166</u>	Net Amount payable for the year before top-up grant from Central Government	<u>10,233</u>
(9,370)	Top-up grant received from Central Government	(7,875)
<u>(796)</u>	Balance of top-up grant for the year (receivable from)/payable to Central Government	<u>(2,358)</u>

PENSION NET ASSETS STATEMENT

The net current assets and liabilities arising from the operation of the pension fund are shown in this statement. This statement does not take account of liabilities to pay pensions and other benefits after the period end. Such liabilities are shown in the core accounting statements and are explained in more detail in note 38.

2015/16		2016/17
£000		£000
	Current Assets	
17	Contributions from employer	0
26	Contributions from members	0
39	Transfer into Scheme Receivable	0
994	Prepaid Pensions	1,018
602	Pension top-up grant receivable from Central Government	2,358
1,678	Total	3,376
	Current Liabilities	
(234)	Unpaid pension benefits	(239)
(124)	Tax payable on behalf of members	(106)
(1,320)	Amount owing (to)/from General Fund	(3,031)
(1,678)	Total	(3,376)
0	Net Current Assets	0

NOTES TO THE PENSION STATEMENTS
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1. The Firefighters' Pension Fund

The Firefighters' Pension Fund was established for Fire Authorities in England under the Firefighters' Pension Scheme (Amendment) (England) Order 2006. Until April 2015 there were two separate pension schemes for firefighters: the 1992 Scheme and the 2006 Scheme. The Firefighters' Pension Scheme (England) (Amendment) Order 2014 introduced a new modified version of the 2006 Scheme which is available to individuals who were employed as retained firefighters during the period 1 July 2000 to 5 April 2006. Although this modified version does not constitute a scheme on its own, it has different benefits to the main 2006 Scheme and is therefore often referred to separately as the "Modified Scheme". The Modified Scheme came into being on 1 April 2014. More details about this scheme and its impact on the Pension Fund can be found below.

The Firefighters' Pension Scheme (England) Regulations 2015 introduced a new pension scheme which came into being on 1 April 2015. This is referred to as the 2015 Scheme. This scheme will eventually replace the 1992 and 2006 Schemes after a transitional phase which will last for 10 years.

All Firefighters' Pension Schemes are unfunded and consequently the fund holds no investment assets. Benefits are payable to pensioners in accordance with with the regulations. Benefits payable are funded by contributions from employees and from the Authority, and any deficit in the funding required is met by a top-up grant from the Home Office. If the amounts receivable exceed the amounts payable then the surplus is paid over to the Home Office. Employees' and employer's contribution rates are set nationally by central government and are subject to a triennial review by the Government Actuary's Department.

The fund is administered by the Authority in accordance with the regulations. The primary objective of the Pension Fund Statements is to demonstrate the balance of transactions taking place over the year in order to identify the amount of top-up grant payable from, or surplus payable to, the Home Office.

2. The Modified Scheme

Following the court's decision in the employment tribunal case involving retained firefighters who made a claim for equal treatment with wholetime firefighters under the Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000, the Government introduced a modified version of the 2006 Firefighters' Pension Scheme. This scheme is available for those who had retained service for all or part of the period from 1 July 2000 to 5 April 2006 inclusive.

Individuals who have elected to join the Modified Scheme can choose to pay their historic contributions either by a lump sum or in instalments over a 10 year period. These contributions are being accounted for in the year that the cash is received as the individuals concerned do not accrue any additional pensionable service until the contributions are paid.

3. Accounting Policies for the Pension Fund

General Principles

The Pension Fund Account and Net Assets Statement summarise the Pension Fund transactions for the 2016/17 financial year and its position at the year end of 31 March 2017. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Accruals

Activity is generally accounted for in the year that it takes place, not simply when cash payments are made or received. This is known as the accruals basis. However, there has been a change of policy relating to the accrual of employee and employer contributions. Accruals are shown as debtors and creditors in the Net Assets Statement. Further details of accruals and the change of accounting policy are given in note 5 below. In all cases, reasonably accurate calculations of accruals have been possible with the information available at the time of preparing the financial statements. The one exception to this policy is the treatment of historic employee contributions paid into the Modified Scheme (see note 2 above for details).

Administration Costs

The cost of managing pension activities, which includes part of the costs of Human Resources, Payroll and Finance staff as well as part of the cost of Pension Services provided by Leicestershire County Council and the cost of actuarial services, are not accounted for within the Pension Fund but are included in the Authority's Comprehensive Income and Expenditure Statement.

4. The Liability to Pay Pensions

The Authority has a liability to pay future retirement benefits to current members of the Firefighters' Pension Schemes. The value of this liability has been assessed by an independent firm of actuaries and is shown in the Authority's Balance Sheet and explained further in note 38 to the core financial statements. The Pension Fund Account and Net Assets Statement do not take account of this liability.

5. Accruals Within the Pension Fund and Net Assets Statement

Prepaid Pensions

Retirement benefits payable under the 1992 Scheme are paid to members monthly in advance. The payments made in March 2016 relate to April 2016 and have been treated as prepayments.

Pension Top-Up Grant Payable/Receivable

The amount required to be paid by the Home Office in order to balance the Pension Fund to nil has been calculated and accrued for.

Contributions Payable

Activity related elements of retained firefighters' pay are paid one month in arrears, therefore employee and employer contributions relating to March are still outstanding at the end of the financial year. In 2015/16 these outstanding contributions were calculated and accrued for. However there has been a change of accounting policy in 2016/17, and as a result of this the outstanding contributions are no longer accrued for. Instead they are accounted for when the payroll is processed. This policy change has led to a £34k increase in the deficit in 2016/17. The impact thereafter will be minimal.

Unpaid Pension Benefits

Unpaid pension benefits have been accrued for. This includes £33k relating to the employee contributions holiday (see note 7 for further details).

Tax Payable on Behalf of Members

When a member elects to take a tax free lump sum that exceeds 25% of their pension pot, the excess amount is treated by Her Majesty's Revenue and Customs (HMRC) as an unauthorised payment and the member has to pay tax on that amount. When the lump sum is paid to the member, the Authority deducts the tax that is due and pays it over to HMRC on the member's behalf. Tax that has been deducted but not yet paid over to HMRC has been accrued for.

Tax relating to contributions refunded to members of the 1992 scheme as a result of the legislation regarding the employee contribution holiday has been accrued for (see note 7 for further details).

6. Financing of the Pension Fund

The Authority does not operate a separate bank account for Pension Fund transactions. Instead, all Pension Fund cash transactions go through the Authority's main bank account. These amounts are shown as "Amounts owing from the General Fund". Top-up grant received in advance from central government is based on an estimate - an overpayment of grant is recovered after the year end and an underpayment of grant is paid to the Authority after the year end. The amount of grant payable by the Home Office to the Authority in respect of the 2016/17 financial year is £2,358k, and this is included in the Pension Net Assets Statement. The difference between the grant payable and the cash deficit of £3,031k as at 31 March 2017 is the total of the accruals included in the Pension Fund.

7. Significant issues affecting the Pension Fund Statements

Under the previous terms of the 1992 Firefighters' Pension Scheme, the maximum pensionable service that a member could accrue was 30 years, whilst the earliest point at which they could retire was at age 50. This meant that some scheme members who had joined the service before the age of 20 had to continue to pay employee contributions beyond the point of accruing maximum service but before they were able to retire. Legislation came into effect on 30 September 2016 which introduced an employee contributions holiday for 1992 scheme members who accrue the maximum 30 years' pensionable service prior to the age of 50. This applies from the point of accruing maximum pensionable service until the member's 50th birthday. The legislation has been applied retrospectively to 1 December 2006, and as a result 43 members are entitled to a refund of contributions totalling £252k. These refunds have been made net of tax, as the contributions would have initially have attracted income tax relief. HMRC has also confirmed that the refund payments constitute unauthorised payments and, as such, will generate an Unauthorised Payments Charge tax liability for the scheme member. The total tax payable to HMRC is approximately £100k. Net payments of £119k have been paid to members, and it is estimated that a further £33k is still to be paid.

8. Contingent liability

The Authority is required to disclose if there are possible obligations which may require payment or a transfer of economic value.

Pension Transitional Protection Legal Challenge

As part of central government pension reform across the public sector, the Firefighters' Pension Scheme (2015) was created which extended the normal pension age to 60 and changed from a "final salary" to a "defined benefit" scheme as part of a suite of initiatives to make fire pensions more financially sustainable. To support those closer to retirement and, therefore less able to alter their financial planning, firefighters within 10-14 years of their normal pension age were wholly or partially protected from transferring to the 2015 scheme.

In response, a legal challenge was raised nationally which argued that such transitional protection discriminates on the grounds of age, gender and race. In February 2017 the Employment Tribunal ruled that the introduction of the 2015 Scheme was not discriminatory. The Fire Brigades Union has since filed an appeal in relation to this decision. There will obviously be a financial impact on the Home Office and Fire Authorities if this appeal is successful, however the financial cost cannot be measured with sufficient reliability. Such cost would be a contingent liability on the pension fund, as opposed to employers directly. At a future date, a valuation of fund liabilities including any judgement in respect of this appeal would be assessed nationally, with deficits being addressed by increases in employer and employee contribution rates.

NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY ANNUAL GOVERNANCE STATEMENT

1.0 SCOPE OF RESPONSIBILITY

- 1.1 Nottinghamshire Fire and Rescue Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, use of its resources and including arrangements for the management of risk and the maintenance of an effective internal control environment.
- 1.3 The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / Solace framework *Delivering Good Governance in Local Government*.
- 1.4 This statement sets out how the Authority has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an annual governance statement.

2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes, cultures and values for the direction and control of the Authority and the activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is part of an on-going process designed to identify and prioritise the risks to the achievement of Nottinghamshire Fire and Rescue Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 A key element of the Internal Control Environment is the development and maintenance of Strategic, Corporate and Departmental risk registers which are understood and managed by senior managers.

2.4 The governance framework has been in place at the Authority for a number of years and regular reviews have been carried out periodically. In 2016/17 a full review of the Local Code of Corporate Governance was carried out and a new Local Code was adopted in line with the CIPFA / Solace framework which was revised in 2016.

3.0 THE GOVERNANCE FRAMEWORK

3.1 In addition to the Annual Governance Statement the Authority has a Code of Corporate Governance that the Authority will commit to in carrying out its duties and responsibilities. In this document, officers have identified against each of the Code's principles what source documentation or existing practice demonstrates how the Authority complies with the principles that make up the Code.

3.2 In developing a code of corporate governance the Authority had the aim of seeking compliance with the CIPFA / Solace guidelines and recognised that these constitute good practice for local authority organisations.

3.3 For the most part of the financial year 2016/17 the previous Local Code of Corporate Governance was in place. The new Local Code was adopted by the Authority in February 2017. This Annual Governance Statement therefore describes governance arrangements in place throughout the year, incorporating both the previous and the new Local Code, and the annual review of governance has taken account of both frameworks.

3.4 Summarised below are some of the key elements of the systems and processes that underlie the Authority's governance arrangements:

3.5 **Identifying and Communicating the Authority's vision and outcomes for citizens and service users:**

3.5.1 After consulting with the citizens of Nottinghamshire and service users, assessing current risks and service priorities, the Authority prepares an Integrated Risk Management Plan (IRMP) that sets out the vision and service objectives for the organisation. The latest IRMP covers the period 2014–2019 and the Authority consults with citizens and other stakeholders to formulate its business plans for each financial year within this plan.

3.5.2 The Authority's vision is "Creating Safer Communities" and it strives to deliver this by developing a set of cohesive business plans and working in partnership with others to provide an excellent, affordable service to all the diverse communities of Nottinghamshire. To deliver this the Authority has established six Service Priorities:

Service Delivery

We will deliver a professional, effective and value-for-money emergency response service to all those who live, work and travel in the county of Nottinghamshire.

What this means

We will continue to use a risk-based approach to improve our service to individuals, communities and local businesses with an emphasis on creating safer communities, and reducing death and injuries. We will do this through our key themes: preparedness, response, prevention and protection.

Employees and Workforce

We will maintain, support and develop our workforce to ensure an environment in which we can deliver a professional and effective service to the people of Nottinghamshire.

What this means

We will ensure that our employees have the capacity and skills to meet our delivery objectives and provide a work place where our employees feel supported, valued and competent to undertake their roles.

Improvement and Governance

We will look to continuously improve upon previous achievements and assure our stakeholders that the organisation has an appropriate infrastructure for governance to support future success.

What this means

With increasing demand for services likely across the public sector, NFRS will be required to base its decisions upon robust intelligence and work alongside its partner/agency service providers in a more collaborative manner.

Engagements and Partnerships

We will look to develop and maintain effective strategic and community partnerships.

What this means

We will continue to work closely with our partners and community organisations in order to identify and keep safe those members of our communities who are most at risk.

Environment

We aim to reduce the Service's impact on the environment through a combination of measures including considering the environment when making decisions, investing in technology and delivering training and education initiatives.

What this means

We will continue to be committed to minimising our impact on the environment by integrating environmental considerations in all aspects of our work, by meeting legal standards, seeking competent advice and adopting best practice.

Inclusion and Equality

We will provide services tailored to meet the needs of our communities.

What this means

Nottinghamshire Fire and Rescue Service prides itself on its approach to inclusion and equality. We work on the principle that to treat people equally, we may need to treat them differently.

3.6 Monitoring the achievement of the Authority's objectives through a comprehensive performance management framework:

- 3.6.1 The Service operates a system of cascading business plans. The IRMP is the highest level and from this a series of departmental and functional business plans are produced. Progress against these plans is reported on regularly and Officers report on progress and outcomes to the relevant committees.
- 3.6.2 The Executive Delivery Team, which comprises Heads of Departments within the Service, monitors performance against business plans regularly and reports any issues to the Strategic Leadership Team for consideration.

3.7 The Internal Control Environment:

- 3.7.1 The Authority's internal control environment comprises many systems, policies, procedures and operations. These can be broadly split into risk management, internal check/financial control and internal audit. Internal check and financial control are targeted towards financial matters whereas risk management has a much broader brief and is more associated with the risk of non-achievement of objectives and targets. The system cannot eliminate all risks of failure to achieve the Authority's aims and objectives. Once a risk has been identified the Authority, where possible, will eliminate that risk. If this is not possible or not cost effective then procedures are established to manage the risk effectively, efficiently and economically. Some of the significant control processes are outlined below:

3.7.2 **Policy and Decision Making Process**

The Authority has democratic control over its activities via an approved committee structure with agreed powers and duties that are periodically reviewed. The Authority has a written constitution that sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable. There is a formal briefing process prior to reports being finalised for Committee or Fire Authority meetings thus allowing key Members an opportunity to scrutinise proposed reports in detail. The Authority also runs Member seminars and training sessions to help Members discuss issues in more detail and in an informal environment.

3.7.3 **Management Structure**

The Authority has a clear management structure with defined roles and responsibilities. The Strategic Leadership Team includes all department heads as well as the Principal Officers. The current structure empowers managers to make appropriate decisions but also places accountability at the centre of this process.

The Authority has an Executive Delivery Team which is comprised of all the Departmental Heads and augmented by specialists as required. As part of a more empowering style of management this group has decision making powers with only the most significant or challenging decisions reserved for the Strategic Leadership Team. These arrangements enable good quality decision-making.

The Authority has an approved scheme of delegation to officers that is reviewed periodically by the Chief Fire Officer and the Clerk to the Fire Authority, with any changes being approved by the Fire Authority.

3.7.4 **Established Policies, Procedures & Regulations**

The Authority ensures compliance with established policies, procedures, laws and regulations. The information regarding policies and procedures is held on the intranet, and these are continually enhanced and developed through the introduction of new policies and procedures as and when required. The Authority has established policies on anti-fraud, fraud response and confidential reporting. The Authority carries out a regular review of financial regulations which clearly define how decisions are taken and the processes and controls required to manage risk. The list below outlines some of the key policies and process in place to enhance the internal control system, which are reviewed as and when required:

- Treasury Management Strategy
- Procurement Strategy
- Financial Regulations & Standing Orders
- Scheme of Delegation
- Anti-Fraud and Anti-Corruption Policy
- Whistleblowing Policy
- Complaints procedure
- Code of Corporate Governance
- Constitution
- Code of Conduct
- Equality and Diversity schemes
- Workforce plan and establishment model
- Full range of robust policies and procedures to underpin the conduct of staff from operational procedures, discipline processes, through to performance development reviews

3.7.5 Internal Audit Function

The Authority has a strong Internal Audit function arrangement with Nottinghamshire County Council, and has well-established protocols for working with External Audit.

3.7.6 Risk Management Strategy

The Authority has a well-established and embedded risk management strategy. This is managed on two levels, firstly at the corporate/strategic level by The Finance and Resources Committee which receives regular reports on risk exposures both in terms of existing and emergent risk. Members scrutinise risk registers and receive explanations for changes. The Committee is advised by the Head of Finance and the Authority's Risk Manager on behalf of the Chief Fire Officer. In addition, the Service also maintains an approach to Risk via its business plan monitoring which is administered through its Corporate Support Department. This ensures the Service's Risk Manager can support departmental heads in robustly assessing the risks to the achievement of the services objectives.

3.7.7 Best Value Duty

The Authority ensures the economical, effective and efficient use of resources, and secures continuous improvement in the way in which its functions are exercised, by having regard to a combination of economy, efficiency, and effectiveness as required by the Best Value duty. The requirement to deliver services within a reducing budget over recent years has increased the focus on Best Value and the Authority has procurement policies in place, providing a framework within which to buy goods and services which offer good value for money.

3.7.8 Financial Management

Financial management in the Authority and the reporting of financial standing is undertaken through a financial system which integrates the general ledger, sales ledger and purchase ledger functions and facilitates good budgetary control. Budget Managers are supported by Finance Officers in the use of this system for monitoring financial performance.

4.0 **REVIEW OF EFFECTIVENESS**

The Authority has responsibility for conducting a review of the effectiveness of its governance framework including the system of internal control, at least annually. The review of effectiveness is informed by the work of the Strategic Leadership Team and other senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Maintaining and reviewing the effectiveness of the governance framework throughout the financial year has been carried out by the following:

- The Authority and its Committees
- Management Review
- Internal audit
- External bodies

4.3 **The Authority and Its Committees**

4.3.1 **The Authority**

The Authority has reviewed the vision and strategic service objectives as part of the budgeting process which was undertaken between October 2016 and February 2017. This process also had a measure of Member scrutiny with the Chair of the Finance and Resources Committee taking an active role.

At the annual general meeting in June the format and structure of its democratic decision process was reaffirmed and approval was given to the powers and make-up of the following committees:

- The Policy and Strategy Committee
- The Finance & Resources Committee
- The Community Safety Committee
- The Human Resources Committee

In addition to the above there are also panels for appointments, Equalities and Personnel matters.

Terms of reference and responsibilities for all of these Committees form part of the Authority's Governance arrangements.

4.4 **Management Review**

- 4.4.1 Included in the day to day management of the organisation are a number of key officers, systems and procedures designed to provide core elements of the internal control mechanism, with a nominated lead officer responsible for reviewing the effectiveness of these systems.
- 4.4.2 There is a comprehensive system of performance management and review embedded within the Authority's management structure and processes. The 2014/19 Integrated Risk Management Plan sets out the Authority's key objectives and these are reflected in annual departmental business plans. These plans are then monitored by Corporate Support and managed by the individual departmental management teams.
- 4.4.3 Risk management at the strategic / corporate level forms part of the overall responsibilities of The Finance and Resources Committee and Members of this committee take a keen interest in Risk Management and receive update reports every six months. Risk Management is an integral part of project management and business planning within the Corporate Support department and both this and operational risk management are considered strong. The Service also maintains a comprehensive approach to health and safety which is undertaken by the Service's Health and Safety advisor and monitored by the Health Safety and Welfare Committee.
- 4.4.4 The Authority employed appropriate professional staff:

- A Statutory Monitoring Officer is responsible for ensuring the legality of Authority actions and supporting the Committee decision making process. No actions of the Authority were deemed ultra vires in the year and all relevant laws and regulations have been complied with. The monitoring officer is a qualified solicitor provided on a contractual basis to the Authority by the Legal Services Department of Nottingham City Council. This arrangement also includes support for the Authority's wider governance structure.

- A Responsible Finance Officer has been appointed as the independent Treasurer to the Authority to ensure the proper and effective administration of the financial affairs of the Authority. The Strategic Leadership Team ensures that the Authority approves a realistic and affordable financial plan for both revenue and capital expenditure which links to the IRMP. The Authority continued to ensure it had good arrangements for managing its finances including strong leadership throughout the year. The financial planning process is well embedded and understood across the Authority by staff and Members. An in house financial team managed by the Head of Finance maintains the correct competencies and ensures that the Strategic Leadership Team receives all appropriate information to support the key decisions and objectives of the service.

- 4.4.5 In addition to the Treasurer the Authority also employs a Head of Finance who fulfils the role of Chief Financial Officer. This post holder is responsible for advising both senior managers and elected members on all financial matters. This is a role shared with the Treasurer who is seen to act independently of the Strategic Leadership Team's advice to the Fire Authority. In reality these two officers work very closely together. Both of these officers are professionally qualified and have many years' experience within Local Government finance.
- 4.4.6 A full review was most recently carried out in 2015 of the role of Chief Financial Officer and, always accepting that the key statutory responsibilities under Section 114 and Section 151 are held by the Treasurer, all of the principles set out in the CIPFA document *The Role of the Chief Financial Officer* are met.
- 4.4.7 Budget monitoring remains robust at both strategic and service level via the production of monthly financial monitoring reports for both Capital and Revenue budgets. These reports as well as being scrutinised by budget managers are also reported monthly to the Strategic Leadership Team and quarterly to the Finance and Resources Committee.
- 4.4.8 Functional Heads also exercise a detailed degree of budget monitoring against the capital programme.
- 4.4.9 The External Auditor approved an unqualified Statement of Accounts for 2015/16 and it is anticipated this will be repeated in 2016/17. A presentation by the Head of Finance on the final accounts by way of a detailed year-end report to the Authority helped to communicate the year-end position to Members in a clear and understandable format.
- 4.4.10 During the year CIPFA / Solace published a revised framework for delivering good governance in local government and the Authority adopted this framework as its new Local Code of Corporate Governance in February 2017, following approval of the Policy and Strategy Committee. A full review of current corporate governance arrangements against the new code was undertaken, and this identified that in most areas the Authority has good processes in place which are well embedded. A few improvements need to be made in order to achieve compliance with best practice as set out in the guidance accompanying the CIPFA / Solace framework and these areas will be worked on during 2017/18 and are listed in Section 5.
- 4.4.11 In addition to the over-arching review of corporate governance, a number of specific areas of governance were reviewed during the year. These included a review of the Authority's Consultation Framework, a new Internal Communications Strategy, a Protective Security Policy and an Environment and Sustainability Policy Statement.
- 4.4.12 Work started on a new performance management framework and this project will continue into 2017/18. The aim of this work is to improve the management of organisational performance and also to increase accountability to the community in respect of the way that services are delivered. An Information Governance Update was presented to the Policy and Strategy Committee in February 2017, where it was agreed that an annual report would be made to that Committee in future to brief Members on information governance issues arising from the Freedom of Information Act, the Data Protection Act and the Regulation of Investigatory Powers Act.

- 4.4.13 The drive to continuously improve internal governance has continued this year, with the Strategic Leadership Team conducting a review of the way it was working and agreeing on improvements for the future. The Service's decision-making framework was also mapped out with the aim of making the governance process more transparent to all employees. Communication of key Service priorities has continued with the introduction of quarterly Middle Manager Briefings designed to provide clear information to those attending, which should be cascaded to the wider Service through team meetings and other conversations with staff. A restructure of some departments within the Service was carried out in 2016/17 and three related functions, which used to be separate departments, have now been brought together within one team: Operational Assurance; Health, Safety and Environmental Risk Management; Business Risk Management. It is expected that this integration will result in more efficient and collaborative working.
- 4.4.14 In addition to the usual Internal and External Audit reviews, two other inspections were carried out in the year. The Emergency Planning College carried out an audit of Business Continuity Management arrangements, the findings of which have been fed into a Business Continuity Management implementation plan. The [Office of Surveillance Commissioners](#) conducted an inspection to check on the Authority's compliance with the Regulation of Investigatory Powers Act and the report was positive, recommending only a few small changes to our current RIPA policy and processes.
- 4.4.15 The Authority published its first Efficiency Plan this year, setting out targets for achieving savings over the period of the Medium Term Financial Strategy. This will be updated annually and be included within the annual Statement of Assurance in future.
- 4.4.16 In August 2016 the Authority did not meet the statutory requirement to send Pension Annual Benefits Statements to members of the Firefighter Pension Schemes by 31 August 2016. The Local Firefighter Pension Board was kept fully informed of the issues causing this breach of regulations and supported the decision to delay sending statements until the information contained within was deemed to be accurate. The breach was reported to The Pensions Regulator, the statements were sent by the end of October 2016 and the matter is now closed with no action taken against the Authority by the Regulator as plans were put in place to rectify the issue as quickly as possible. This issue was reported to the Policy and Strategy Committee during the year.
- 4.4.17 In December 2016 the Authority commissioned a review of governance arrangements for the arms'-length Trading Company, and the results of this review will be reported on in 2017/18.

4.5 **Internal Audit**

4.5.1 The Authority procured its internal audit service under a contract with Nottinghamshire County Council and the arrangement and service was in accordance with the UK Public Sector Internal Audit Standards. The internal audit plan for 2016/17, prioritised by a combination of the key internal controls, assessment and review on the basis of risk, was approved by the Finance and Resources Committee during the year. All internal audit reports included an assessment of the internal controls and prioritised action plans, if relevant, to address any areas needing improvement. These reports were submitted to the Chief Fire Officer, the Head of Finance and the relevant managers as appropriate. All finalised reports were submitted to the Finance and Resources Committee acting in its role as Audit Committee.

The Annual Internal Audit Report, which will be reported to the Finance and Resources Committee during 2017 concluded that:

“From the work carried out during the 2016/17 financial year, we have been able to satisfy ourselves that the overall level of internal control is satisfactory and provides a good basis for effective financial and resource management”.

4.6 **External Review**

4.6.1 The External Auditors are required by the International Standard on Auditing 260 (ISA 260) to communicate about the audit of the Authority's financial statements with those charged with governance. This communication is in the form of a written report which was presented to Members in September 2016.

4.6.2 The principal purposes of the Auditors' report are:

- To present key issues identified during the audit of the financial statements for the year ended 31 March 2016 and any material misstatements in the accounts
- To report on any key issues for governance
- To report on the Auditors' Value for Money conclusion
- To give an “audit opinion” on the financial statements
- To report on the implementation of any recommendations in the previous year's ISA 260 report
- To seek approval to the management representation letter, which confirms the Authority's responsibilities and actions in relation to the financial statements

4.6.3 The ISA 260 report confirmed that the quality of the accounts was good, with no material adjustments required. One key risk was identified prior to the audit, in respect of the new firefighter pension scheme, but the audit work carried out in this area revealed no matters of significance. Three recommendations were made in the report and these are all being addressed as part of the final accounts process for 2016/17.

5.0 **SIGNIFICANT ISSUES FOR GOVERNANCE IN 2017/18**

5.1 The Policing and Crime Act 2017 received Royal Assent at the end of January 2017 and will be enacted in full by April 2017. This Act has introduced the duty for emergency services to consider collaboration opportunities in all that they do and, although much collaborative work already takes place, this will drive further collaboration over the coming years. The Act also allows Police and Crime Commissioners to take over responsibility for fire and rescue where a local business case is made and this may lead to significant changes in governance in the future. Another feature of the new legislation is the creation of a new statutory inspectorate for fire and rescue, so it is likely that the Service will be inspected under the new arrangements in 2017.

5.2 A new Integrated Risk Management Plan will be developed and consulted upon during next year. The European General Data Protection Regulation (GDPR) will come into UK law May 2018. The service is following the Information Commissioner's summary of 12 preparation steps for GDPR, and monitoring this through the Protective Security Group. Work is already underway to move the Service's information technology infrastructure towards Public Sector Network (PSN) compliance and this work will continue in 2017/18 with improvements to the security of systems and data as a result.

5.3 The review of the Local Code of Corporate Governance identified some areas where further work will need to be done to ensure compliance with best practice. The main areas, which will be addressed during 2017/18, are:

- The creation of a Collaboration strategy / framework
- A Communications strategy which addresses external communications
- Review of the terms of reference for the Finance and Resources Committee against the "Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013)"

5.4 Continuing reductions in central government grant means that the Authority will need to make significant savings over the next two to three years at least, whilst continuing to maintain a service that meets public expectations. The Authority's prudent financial management, as set out in the Medium Term Financial Strategy, will allow it to phase in the impact of budget reductions in a manageable way. The Authority accepted the government's offer of a four year financial settlement covering the period up to 2020, however the announcement of a general election on 8th June 2017 means that the next parliamentary period will extend to 2022 and it is possible that a new

government may commission a further spending review to cover the longer timescale. It is also a possibility that the four year settlement could be rescinded by a new government. The Authority is expecting austerity to be a continuing theme and future financial planning will take account of this.

- 5.5 The Service may also be affected by the UK's exit from the European Union, but at this early stage in the process the impacts are unclear. The risk associated with "Brexit" is on the Authority's strategic risk register and will continue to be monitored and managed as appropriate.
- 5.6 The results of the local elections in May 2017 will trigger a change to membership of the Fire Authority, with a number of new members joining the Authority at the Annual General Meeting in June 2017 as well as the election of a new Chair of the Fire Authority. Officers will need to work with the Fire Authority to ensure that the training and development needs of new members are met.
- 5.7 During the coming year, the Service will seek to address the above matters through its current structures and processes to further enhance governance arrangements.

Signed.....

CHAIRMAN

Signed.....

John Buckley
CHIEF FIRE OFFICER

GLOSSARY OF TERMS

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Budget

A statement of the policy of the Authority expressed in financial terms. The budget is the financial element of a range of plans adopted by the Authority which include the Medium Term Financial Strategy and the Community Safety Plan.

Capital Expenditure

Expenditure on the acquisition of assets or expenditure which adds to, and not merely maintains, the value of existing assets.

Capital Receipts

Income derived from the sale of capital assets.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The principal accountancy body dealing with Local Authority and Public Sector finance.

Contingent Liability

A possible obligation arising from past events whose existence will be confirmed by the occurrence of an uncertain future event not wholly within the Authority's control. It can also be a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or where the amount of the obligation is uncertain.

Creditors

Amounts owed by the Authority for which no payment has been made at the end of the financial year.

Debtors

Amounts due to the Authority for which no payment has been received at the end of the financial year.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of an asset during an accounting period.

Finance Leasing

A method of financing the acquisition of assets. Legally the assets are owned by the lessor, although the risks and rewards of ownership of the asset pass to the lessee. The assets are shown on the Balance Sheet of the Authority.

Financial Instrument

Any contract which gives rise to a financial asset of one entity and a financial liability of another. Typical financial instruments are: trade payables, borrowings, bank deposits, trade receivables and investments.

Non-Current Assets

Tangible or intangible assets which yield benefits to the Authority for a period of more than one year. Tangible assets include land and buildings and certain specialist vehicles and equipment. Intangible assets include software.

Impairment

A reduction in the value of an asset, which is additional to the expected depreciation of that asset. Impairment may be a result of, for example, physical damage or reducing prices.

Non-Distributed Costs

These are defined in the Service Reporting Code of Practice as the costs of sharing unused assets or facilities and the non current service pension costs of defined benefit pension schemes.

Operating Leasing

A method of financing the acquisition of assets, notably vehicles, plant and equipment which involves the payment of an annual rental for a period which is usually less than the useful life of the asset.

Provision

A liability or loss which is likely or certain to be incurred but where the date and precise amount are uncertain.

Reserve

An amount set aside for purposes outside the definition of provisions. Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for general contingencies.

Revenue Contribution to Capital Outlay

A fixed asset purchased directly from revenue contributions.

Revenue Expenditure and Income

That expenditure and income which relates to the day to day activities of the Authority.

Nottinghamshire Fire Safety Limited

**Company Limited by Share Capital
Financial Statements**

**For The Year Ended 31st March 2017
Company Registration Number 7210383**

**Officers and Professional Advisors
Year Ended 31 March 2017**

The Board of Directors

Name	Date of Appointment
Chris Barnfather	24/02/2012
Malcolm Wood	05/06/2014
Jo Hayden	01/10/2015
Sybil Fielding	16/12/2016

	Date of Resignation
Richard Heffer	21/11/2016

Company Secretary

Vacant Post

Business Address

Nottinghamshire Fire Safety Ltd
Bestwood Lodge
Arnold
Nottingham
Nottinghamshire
NG5 8PD

Registered Office

Nottinghamshire Fire Safety Ltd
Bestwood Lodge
Arnold
Nottingham
NG5 8PD

Directors Report

The Directors present their Report and the Financial Statements of the Company for the year ended 31st March 2017, which represents 12 months trading; the comparatives are for the 12 months ended 31st March 2016.

Introduction and Principal Activities

Nottinghamshire Fire Safety Limited (the company) is limited by share capital and wholly owned by Nottinghamshire Fire and Rescue Service. The company was formed on 1st September 2010. The company is engaged in fire extinguisher sales and maintenance, dry and wet riser testing, fire hydrant testing and portable electrical appliance testing, along with the fire-related training activity side of the business. The company also has partnership agreements with a commercial electrical and fire alarm installer and a security company that specialise in fire shutters and curtains and is able to sell their services through this company as necessary. The change in company name has not reflected on its trading in the last year.

Business Review and Developments

Over the reporting period, we have continued to steadily develop our strong trading position and activity in our core business area. Recognising our strengths, we have concentrated on continuing and building existing customer relationships and to further successfully win new major contracts. Thus, we have maintained our broad position despite increasing competition in an overall tight market. Again this year, the company has been successful in retaining a major contract which has assured job security and demonstrates that we are now a main player for fire safety services in the local area

An area of success has been to grow the sub contracted works to meet customer expectations. Year on year we have continued to grow the business. We will continue this part of the business and look for further steady growth in providing a one stop shop for local businesses and organisations. The Company has invested in the purchase of riser testing equipment and staff training to enable us to meet current contractual obligations and this is also an area where we can offer it to current customers and to new ones. It is hoped that this investment will pay for itself from revenue from one of our major contracts.

The strength of the company is again demonstrated by winning and retaining customers, this period we gained 130 new customers against a loss of 24 customers, most of which were small scale. By continuing our effective product range and services, our overall turnover of £423,000 is comparable with last year's results. Although profits are slightly lower for this reporting period, this again due to increased pension contributions for staff and the significant recharges for the new vehicle fleet.

Results

The profit for the year after taxation amounted to £26,010

Financial risk management objectives and policies

All financial internal controls in place for Nottinghamshire Fire and Rescue Service have been incorporated into the financial procedures of Nottinghamshire Fire Safety Ltd.

Political donations

The company has made no political donations.

Charitable Donations

The company has made no charitable donations.

Summary of Director's Responsibilities

The company operates under a board of four directors.

Director (Finance) Jo Hayden – responsible for the financial management and well-being of the company.

Director Chris Barnfather – responsible for seeking assurance that the company is operating legally and in the best interests of the parent company and the community, a role similar to that of Non-Executive Director.

Director Malcolm Wood - responsible for seeking assurance that the company is operating legally and in the best interests of the parent company and the community, a role similar to that of Non-Executive Director.

Director Sybil Fielding - responsible for seeking assurance that the company is operating legally and in the best interests of the parent company and the community, a role similar to that of Non-Executive Director.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently; make judgments and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- the directors have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit Exemption Statement

For the year ending (31/03/2017) the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies

The financial statements were approved by the Board of Directors on

Signed on behalf of the Board by

J HAYDEN

**Statement of Comprehensive Income & Retained Earnings for the Year Ended
31st March 2017**

	Notes	12 Months 31 March 2016 £	12 Months 31 March 2017 £
Revenue	10	379,608	422,852
Operating Costs			
Staff Costs	9	(128,292)	(131,510)
Operating Costs		(91,201)	(138,453)
Administration Costs			
Staff Costs	9	(79,016)	(80,399)
Other Costs		(42,837)	(40,057)
Other Operating Income	9	26,708	80
Operating Profit		64,970	32,513
Interest Receivable & Similar Income		0	0
Interest Payable & Similar Charges	12	(93)	0
Profit Before Tax		64,877	32,513
Tax on Profit or (Loss) on Ordinary Activities		(12,975)	(6,503)
Profit or (Loss) for the Year		51,902	26,010
Retained Earnings at Start of Year		166,547	203,449
Dividends	15	(15,000)	(10,621)
Retained Earnings at End of Year		203,449	218,838

Statement of Financial Position
31st March 2017

	Notes	12 Months 31 March 2016 £	12 Months 31 March 2017 £
Current Assets			
Cash and Cash Equivalents		170,832	205,217
Trade Receivables	8	60,605	59,116
Inventories	5	15,774	12,909
Total Assets		247,211	277,242
Current Liabilities – falling due within 1 year	11	43,761	58,403
Non-Current Liabilities			
Loan	13	0	0
Total Liabilities		43,761	58,403
Total Assets less Current Liabilities		203,450	218,839
Equity			
Share Capital		1	1
Retained Earnings		203,449	218,838
Total Equity		203,450	218,839

Audit Exemption Statement

For the year ending (31/03/2017) the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on

Signed on behalf of the Board by

J HAYDEN

Cash flow Statement 31st March 2017

The Cash Flow Statement shows the changes in cash and cash equivalents of the Company during the reporting period. The statement shows how the Company generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	12 Months 31 March 2016		12 Months 31 March 2017	
	2015/16 £	2015/16 £	2016/17 £	2016/17 £
Revenue Activities				
Cash flows from operating activities				
Profit before Taxation		64,877		32,513
Depreciation	0		0	
Interest Payable	(93)		0	
Dividends Received	0		0	
Interest Receivable	0		0	
(Increase)/Decrease in Inventories	1,761		2,866	
(Increase)/Decrease in Accounts Receivable	(1,013)		1,489	
Increase/(Decrease) in Accounts Payable	(12,475)		14,641	
Taxation Paid	(12,975)		(6,503)	
Cash generated from Operations		(24,795)		12,493
Cash flows from Investing Operations				
Acquisition of PPE	0		0	
Dividends Received	0		0	
Interest Receivable	0		0	
Net Cash flow from Investing Activities		0		0
Cash flows from Financing Operations				
Issue of Shares	0		0	
Dividends Paid	(15,000)		(10,621)	
Cash Received for Short Term Borrowing	0		0	
Interest on Loan	93		0	
Repayment of Long Term Borrowing	(19,999)		0	
Net Cash flow from Financing Activities		(34,906)		(10,621)
Net Increase in cash and cash equivalents		5,176		34,385
Cash and Cash Equivalents at 1 April 2015		165,656		
Cash and Cash Equivalents at 31 March 2016		170,832		
Cash and Cash Equivalents at 1 April 2016				170,832
Cash and Cash Equivalents at 31 March 2017				205,217

Notes to Financial Statements

1.0 Accounting Policies

The financial statements have been prepared on a going concern basis and in accordance with applicable accounting standards and the Companies Act 2006.

2.0 Revenue

Revenue represents the value of goods and services supplied. Revenue is net of Value Added Tax and is recognised when significant risks and rewards of ownership have been transferred to the customer.

3.0 Non-Current Assets

The company does not currently own any non-current assets.

4.0 Pension Costs & Other Post Retirement Benefits

Pension benefits for employees are met by payments to the Local Government Pension Scheme (LGPS). Contributions are charged to the profit and loss account in the year they fall due.

5.0 Inventory

Inventory is valued at the lower of cost or net realisable value, using the first in, first out (FIFO) method of stock valuation.

6.0 Audit

For the year ending 31st March 2017, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

7.0 Directors Emoluments

The company directors did not receive any emoluments from the company during the accounting year.

8.0 Trade Receivables

All outstanding debts have been reviewed and there is no reason to believe that they cannot be recovered. Bad debts written off in the year are as follows:

	£
1. Happy Hearts	70
2. Crave Hockley Ltd	848
3. Broxtowe Educations Skills	50
4. Howlambys	22
5. The Birches Public House	85
6. Project Body	34
7. Silver Dollar Arcade	64
8. NG12 Hair & Beauty	90
9. Nottingham City Homes	97
10. Gravity Hair & Beauty	12
11. Crantons Electrical	67
12. St Anns Centre	28
13. Green Footprint Solutions	38

1,505	

	12 Months 31 March 2014	12 Months 31 March 2015
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9.0 Employee Information

	2016	2017
Average monthly number of employees	6.9 FTE	6.8 FTE

	2016	2017
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	£	£
Wages & Salaries	146,148	168,878
National Insurance Contributions	8,961	12,486
Pension Costs	28,919	30,546

	12 Months 31 March 2016	12 Months 31 March 2017
10.0 Revenue	2016	2017
	£	£
Fire Extinguisher Income	163,832	187,893
Fire Extinguisher Maintenance/Service Income	151,109	182,022
Training Income	61,013	49,937
Events Income	3,644	3,000
	<hr/> 379,608	<hr/> 422,852

11.0 Current Liabilities due within 1 year	2016	2017
	£	£
Trade Payables	3,416	4,973
Sundry Creditors	33,393	47,822
VAT	6,952	5,608
	<hr/> 43,761	<hr/> 58,403

12.0 Interest Payable and Similar Charges	2016	2017
	£	£
Interest payable on loan from Parent Company	93	0

13.0 Long Term Liabilities	2016	2017
	£	£
Amounts due to Parent Undertaking	0	0

The loan from Nottinghamshire Fire and Rescue Service is a revolving credit Facility. This allows the company to draw down up to a maximum of £100,000 and decrease to nil at any time.

14.0 Related Party Transactions

The company has entered into the following transactions with Nottinghamshire Fire and Rescue Service during the course of the 2016/2017 financial year.

2016	2017
£	£

Sales	32,929	10,378
Purchases	57,832	58,934

Of these amounts £705 was owed by Nottinghamshire Fire and Rescue and £5,928 was owed to Nottinghamshire Fire and Rescue as at 31st March 2017. The transactions were on an arm's length basis and include services sold to Nottinghamshire Fire and Rescue relating to fire extinguisher maintenance and hydrant maintenance. The company purchased human resources, financial, insurance, health and safety and information technology from Nottinghamshire Fire and Rescue, as well as the use of premises and vehicles.

15.0 Dividend Payment

The Directors resolved to confirm a Dividend Payment to the share-holder of £10,621

TREASURER TO THE FIRE AND RESCUE AUTHORITY



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

EXTERNAL AUDITORS' REPORT TO THOSE CHARGED WITH GOVERNANCE 2016/17

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

Date: 22 September 2017

Purpose of Report:

To present the External Auditors' ISA 260 Report to Members, and to seek Members' approval of the management representation letter to the External Auditors.

CONTACT OFFICER

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Assistant Head of Finance

Tel : 967 0880

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(0115) 98388690 therese.easom@notts-fire.gov.uk

1. BACKGROUND

- 1.1 The External Auditors are required by the International Standard on Auditing 260 (ISA 260) to communicate about the audit of the Authority's financial statements to those charged with governance. This communication is in the form of a written report, which is attached as Appendix A.
- 1.2 This covering report sets out the key points within the ISA 260 report. The principal purposes of the Auditors' report are:
- To present key issues identified during the audit of the financial statements for the year ended 31 March 2017 and any material misstatements in the accounts;
 - To report on any key issues for governance;
 - To report on the Auditors' Value for Money conclusion;
 - To give an "audit opinion" on the financial statements;
 - To report on the implementation of any recommendations in the previous year's ISA 260 report;
 - To seek approval to the management representation letter, which confirms the Authority's responsibilities and actions in relation to the financial statements.
- 1.3 The KPMG Manager of the Authority's audit will be attending the meeting to present the report and answer any questions arising, and will also provide Members with an update on the audit work completed since this report was written.

2. REPORT

- 2.1 The annual audit is in the completion stage and the ISA 260 report sets out the key issues to be considered by Members prior to the audit opinion being issued.
- 2.2 The ISA 260 report confirms that the Auditors expect to issue an unqualified audit opinion by the statutory deadline of 30 September 2017, and an unqualified Value for Money conclusion. In addition, the Auditors confirm that the Annual Governance Statement complies with the relevant CIPFA / SOLACE guidance on corporate governance.
- 2.3 The audit did not identify any material or significant errors in the financial statements. There were no presentational corrections required and no adjustments to an accounting policy.
- 2.4 There were three recommendations made in the ISA 260 report for 2015/16:

The closedown plan for 2016/17 should allow for an earlier closedown and preparation of the financial statements

The Finance Team have been under established, during the closedown of accounts. The Finance Team had identified works that could be done earlier, by working Saturdays and additional hours the Finance Team completed the accounts within the statutory deadline. The timetable and the tasks will be continually reviewed to ensure that improvements are implemented so an earlier deadline is met in 2017/18.

The Authority should ensure that there is an audit trail to evidence appropriate authorisation of all journals

A revised process has been put in place to record and evidenced manual authorisation.

Related party returns should be provided promptly in order to verify the accuracy of the related party transactions within the accounts

The Finance Team worked with the Clerk to the Fire Authority to ensure that all related party confirmations from Members are returned within an appropriate timescale.

- 2.5 The Auditors' report confirms that the Authority's accounts were completed by the statutory deadline of 30 June and presented for audit, that accounting processes and working papers were of good quality, and that Officers responded efficiently to audit queries. The statutory deadline for closing local authority accounts is being brought forward and will be 31 May for the 2017/18 accounts. The Finance Team has been working towards this earlier closedown since 2014/15 and this year had planned to complete the accounts by 2 June, this date was the date the Head of Finance left the organisation. However, the deadline was not achieved, but the accounts were completed by the statutory deadline of 30 June.
- 2.6 The ISA 260 report makes no recommendations for 2016/17
- 2.7 The ISA 260 report includes the Auditors' review of the Medium Term Financial Strategy, which was reported in September 2016.

3. FINANCIAL IMPLICATIONS

The annual cost of external audit work this year is £31,050. There has been no increase in cost from 2015/16.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

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

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been carried out because this is a report about the External Audit of the financial statements and not a new policy.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

The work of the External Auditors in their audit of the Authority's financial statements provides an independent view of the adequacy of internal controls, the accuracy of the final accounts and an assessment of the Authority's arrangements for achieving value for money. This provides Members with some assurance about the quality of financial management and financial reporting within the Authority.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

- 10.1 That Members note the contents of the External Auditors' ISA 260 report, attached as Appendix A.
- 10.2 That Members approve the management representation letter to the External Auditors as set out in Appendix B.

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

None.

John Buckley
CHIEF FIRE OFFICER

Geoff Walker
TREASURER TO THE FIRE AUTHORITY



External audit report 2016/17

**Nottinghamshire Fire and
Rescue Service**

DRAFT

September 2017



Summary for Nottinghamshire Fire & Rescue Service

Financial statements This document summarises the key findings in relation to our 2016-17 external audit at Nottinghamshire Fire and Rescue Services ('the Authority').

This report focusses on our on-site work which was completed in July 2017 on the Authority's significant risk areas, as well as other areas of your financial statements. No audit findings noted.

Subject to the necessary assurances being received from the auditors of the LGPS scheme we anticipate issuing an unqualified audit opinion on the Authority's financial statements before the deadline of 30 September.

We are now in the completion stage of the audit and anticipate issuing our completion certificate and Annual Audit letter on [xxx date].

Use of resources We have completed our risk-based work to consider whether in all significant respects the Authority has proper arrangements to ensure it has taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We therefore anticipate issuing an unqualified value for money opinion.

See further details on page 13.

Acknowledgements We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

We ask the Nottinghamshire Fire & Rescue Service to note this report.

Contents

The key contacts in relation to our audit are:

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Appendices

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This report is addressed to Nottinghamshire and Rescue Services (the Authority) and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 0207 694 8981, or by email to andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

Section one

Financial Statements



We anticipate issuing an unqualified audit opinion on the Authority's 2016/17 financial statements by 30 September 2017. We will also report that your Annual Governance Statement complies with the guidance issued by CIPFA/SOLACE (*'Delivering Good Governance in Local Government'*) published in April 2016.

For the year ending 31 March 2017, the Authority has reported a surplus of £0.5m.



Significant audit risks

Our *External Audit Plan 2016/17* sets out our assessment of the Authority's significant audit risks. We have completed our testing in these areas and set out our evaluation following our work:

Significant audit risks	Work performed
Significant changes in the pension liability due to LGPS Triennial Valuation	<p data-bbox="446 551 682 582">Why is this a risk?</p> <p data-bbox="446 596 1355 783">During the year, the Pension Fund has undergone a triennial valuation with an effective date of 31 March 2016 in line with the <i>Local Government Pension Scheme (Administration) Regulations 2013</i>. The share of pensions assets and liabilities for each admitted body is determined in detail, and a large volume of data is provided to the actuary to support this triennial valuation.</p> <p data-bbox="446 803 1355 928">There is a risk that the data provided to the actuary for the valuation exercise is inaccurate and that these inaccuracies affect the actuarial figures in the accounts. Most of the data is provided to the actuary by Nottinghamshire Pension Funds, who administer the Pension Fund.</p> <p data-bbox="446 948 819 980">Our work to address this risk</p> <p data-bbox="446 1000 1355 1156">We have reviewed the process used to submit payroll data to the Pension Fund and tested the year-end submission process and other year-end controls, including the appointment of an independent actuary to confirm the appropriateness of the actuarial assumptions used by your actuary. We found no issues to note.</p> <p data-bbox="446 1176 1355 1239">We have also substantively agreed the total figures submitted to the actuary to the ledger and again identified no issues in relation to the LGPS scheme.</p> <p data-bbox="446 1259 1355 1319">We have engaged with your Pension Fund auditors to gain assurance over the pension figures.</p>

Considerations required by professional standards

Fraud risk of revenue recognition

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

In our *External Audit Plan 2016/17* we reported that we do not consider this to be a significant risk for Local Authorities as there is unlikely to be an incentive to fraudulently recognise revenue.

This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.



Management override of controls

Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to this audit.

In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

There are no matters arising from this work that we need to bring to your attention.

Other areas of audit focus

We identified one area of audit focus. This is not considered a significant risk as this is less likely to give rise to a material error. Nonetheless this is an area of importance where we would carry out substantive audit procedures to ensure that there is no risk of material misstatement.

Other areas of audit focus	Our work to address the areas
Disclosures associated with retrospective restatement of CIES, EFA and MiRS	<p data-bbox="444 611 604 642">Background</p> <p data-bbox="444 658 1350 721">CIPFA has introduced changes to the 2016/17 Local Government Accounting Code (Code):</p> <ul data-bbox="444 737 1350 1042" style="list-style-type: none"><li data-bbox="444 737 1350 866">— Allowing local authorities to report on the same basis as they are organised by removing the requirement for the Service Reporting Code of Practice (SeRCOP) to be applied to the Comprehensive Income and Expenditure Statement (CIES); and<li data-bbox="444 882 1350 1042">— Introducing an Expenditure and Funding Analysis (EFA) which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the CIES. This analysis is supported by a streamlined Movement in Reserves Statement (MiRS) and replaces the current segmental reporting note. <p data-bbox="444 1058 1350 1187">The Authority was required to make a retrospective restatement of its CIES (cost of services) and the MiRS. New disclosure requirements and restatement of accounts require compliance with relevant guidance and correct application of applicable accounting standards.</p> <p data-bbox="444 1203 701 1234">What we have done</p> <p data-bbox="444 1251 1350 1342">For the restatement, we have obtained an understanding of the methodology used to prepare the revised statements. We have also agreed figures disclosed to the Authority’s general ledger and found no issues to note.</p>

Section one: financial statements

Annual governance statement

We have reviewed the Authority's 2016/17 Annual Governance Statement and confirmed that:

- It complies with *Delivering Good Governance in Local Government: A Framework* published by CIPFA/SOLACE; and
- It is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

Narrative report

We have reviewed the Authority's 2016/17 narrative report and have confirmed that it is materially consistent with the financial statements and our understanding of Authority.

We have noted that the narrative report does not fully comply with the Code requirements in that the use of both financial and non-financial performance indicators is expected.

We have recommended that further work is undertaken in future years to ensure that the narrative report is in line with the Code and best practice as set out by the Accounting Standards Board.

Proposed opinion and audit differences

Subject to all outstanding queries being resolved to our satisfaction, we anticipate issuing an unqualified audit opinion on the Authority's 2016/17 financial statements following approval of the Statement of Accounts by the Authority on 22 September 2017.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

The final materiality (see Appendix 2 for more information on materiality) level for this year's audit was set at £1 million. Audit differences below £50,000 are not considered significant.

We did not identify any material misstatements.

Section one: financial statements

Accounts production and audit process

Our audit standards (*ISA 260*) require us to communicate our views on the significant qualitative aspects of the Authority's accounting practices and financial reporting.

We also assessed the Authority's process for preparing the accounts and its support for an efficient audit. The efficient production of the financial statements and good-quality working papers are critical to meeting the tighter deadlines.



Accounting practices and financial reporting

The Authority has recognised the additional pressures which the earlier closedown in 2017/18 will bring. We have been engaging with the Authority in the period leading up to the year end in order to proactively address issues as they emerge.

We consider the Authority's accounting practices appropriate.

Completeness of draft accounts

We received a complete set of draft accounts on 27 June 2017, which is in advance of the statutory deadline.

Quality of supporting working papers

We issued our *Accounts Audit Protocol 2016/17* ("Prepared by Client" request) on 03 May 2017 which outlines our documentation request. This helps the Authority and to provide audit evidence in line with our expectations.

We found that the improvements in quality introduced in the previous year had continued to be delivered in the current year, with the quality of audit evidence provided meeting our expectations as set out in our *Accounts Audit Protocol 2016/17*.

Response to audit queries

On average, Officers dealt with our audit queries within one work day of inquiry, in line with our expectations.

Prior year recommendations

As part of our audit we have specifically followed up the Authority's progress in addressing the recommendations we raised in last year's *ISA 260* report.

The Authority have implemented all of the recommendations in our 2015/16 *ISA 260* Report.

Controls over key financial systems

We have tested controls as part of our focus on significant audit risks and other parts of your key financial systems on which we rely as part of our audit. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Based on the work performed, we are satisfied that the controls are performing effectively. We are able to place reliance on the Authority's control framework.

Completion

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's 2016/17 financial statements.

Before we can issue our opinion we require a signed management representation letter.

Once we have finalised our opinion and conclusion we will prepare our Annual Audit Letter and close our audit.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of Nottinghamshire Fire & Rescue Service for the year ending 31 March 2017, we confirm that there were no relationships between KPMG LLP and Nottinghamshire Fire & Rescue Service, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix 3 in accordance with ISA 260.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the Finance Directory for presentation to the Nottinghamshire Fire & Rescue Service. We require a signed copy of your management representations before we issue our audit opinion.

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- Significant difficulties encountered during the audit;
- Significant matters arising from the audit that were discussed, or subject to correspondence with management;
- Other matters, if arising from the audit that, in the auditor's professional judgement, are significant to the oversight of the financial reporting process; and
- Matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances etc.).

There are no others matters which we wish to draw to your attention in addition to those highlighted in this report or our previous reports relating to the audit of the Authority's 2016/17 financial statements.



Section two

Value for money

Our 2016/17 VFM conclusion considers whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have concluded that the Authority has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

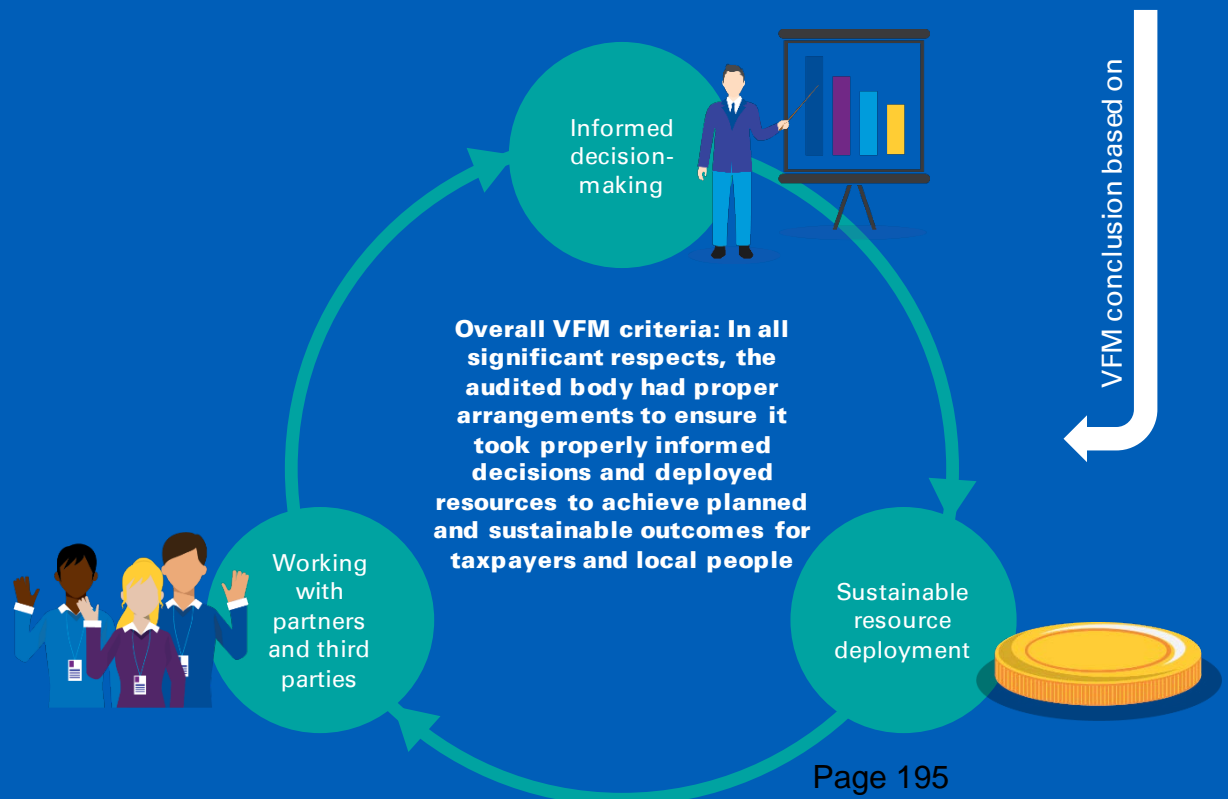
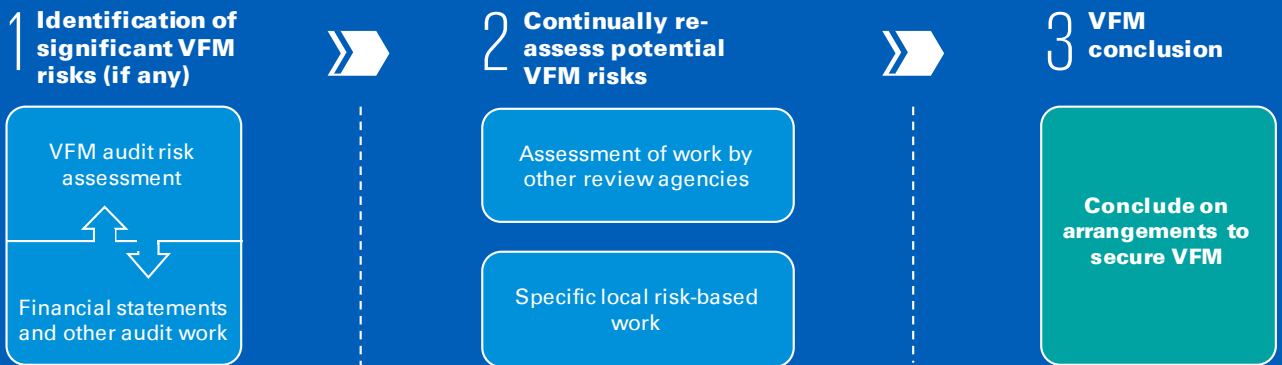
VFM conclusion

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

Our VFM conclusion considers whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We follow a risk based approach to target audit effort on the areas of greatest audit risk.



Section two: value for money

The table below summarises our assessment of the individual VFM risk identified against the three sub-criteria. This directly feeds into the overall VFM criteria and our value for money opinion.

VFM assessment summary			
VFM risk	Informed decision-making	Sustainable resource deployment	Working with partners and third parties
1. Financial resilience in the local and national economy	✓	✓	✓
Overall summary	✓	✓	✓

In consideration of the above, we have concluded that in 2016/17, the Authority has made proper arrangements to ensure it took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Further details on the work done and our assessment are provided on the following pages.

Significant VFM risks

We have identified a single significant VFM risk. In all cases we are satisfied that external or internal scrutiny provides sufficient assurance that the Authority’s current arrangements in relation to the risk area is adequate.

Significant VFM risks	Work performed
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1. Financial resilience in the local and national economy

Why is this a risk?

There has been a significant shift in the national outlook over the last 12 months, primarily driven by the outcome of the referendum on 23 June 2016 on the UK’s membership of the European Union. Consequently GDP growth forecasts have been revised downwards, which potentially reduces the level of any growth in business rates income. Inflationary pressures, service pressures, and a reduction in the local government finance settlement will impact on the Authority’s finances.

In September 2016, the Authority published a Medium Term Financial Strategy (MTFS) 2016/17 –2019/20 and this Sustainability Plan sets out how Nottinghamshire Fire and Rescue Authority (the Authority) plans to reduce its cost base over the period from 2016/17 to 2019/20 in order to balance its revenue budget in the context of an expected reduction in external funding. This plan is designed to meet the Home Office requirement for Fire and Rescue Authorities to publish an Efficiency Plan in return for a four year funding settlement.

A budget deficit of £526k will need to be eliminated in order for the Fire Authority to approve a balanced budget for 2017/2018. This is currently being supported by reserves to allow time for plans to be put in place to meet the shortfall. Even when this has been achieved, there will be a requirement to find further savings of approximately £1.2m by 2019/2020 (savings of £1.7m in total). This is a challenge that the Authority are preparing for. Reserves are available to support the Authority with future investments and savings plans. At 31 March 2016, General Reserves stood at £7.406m and earmarked reserves totalled £3.501m. The revenue outturn underspend of £431k will increase General Reserves and give a new total of £7.837m as at 31 March 2017. During the year, net changes were made to earmarked reserves of £1,393k, giving a balance as at 31 March 2017 of £4.894m.

Summary of our work

We have reviewed the Authority’s Medium Term Financial Plan (MTFP). The key findings are:

The Authority has constructed its Medium Term Financial Strategy on the key assumption of cost saving of £300k on collaborative opportunities, £350k on Procurement, £150 on maximising the benefit and £1,100k value of assets and redesign of Service Delivery.

We have assessed the arrangements put in place by the Authority to maintain its record of meeting efficiency savings to address national funding changes, by relying on our accounts audit work where relevant, underpinned by a review of the Authority’s budget setting process, financial management processes, and discussions with the Senior Management team.

The background of the page is a close-up photograph of a wooden desk. In the foreground, the tip of a silver pen is visible, pointing towards the left. To the right, there is a stack of papers, with a red folder or document cover partially visible. The lighting is warm and soft, creating a professional and organized atmosphere.

Appendices

Follow-up of prior year recommendations

In the previous year, we raised 3 recommendations which we reported in our *External Audit Report 2015/16 (ISA 260)*.

We are pleased to report that the Authority has implemented these recommendations.

Each recommendation is assessed during our 2016/17 work, and we have obtained the recommendation’s status to date. We have also obtained Management’s assessment of each outstanding recommendation.

Below is a summary of the prior year’s recommendations.

2015/16 recommendations status summary

Priority	Number raised	Number implemented / superseded	Number outstanding
High	0	0	0
Medium	3	3	0
Low	0	0	0
Total	3	3	0



1. Accounts Production Process

The deadline for the production of the accounts is moving to 31 May with effect from 2017/18. The Authority now only has one more year to bring forward the production of the accounts in light of this change. This will need to be done whilst ensuring that the quality of the accounts is not diminished.

Recommendation

The closedown plan for 2016/17 should allow for an earlier closedown and preparation of the financial statements.

Management original response

Accepted – we will build on the work this year and liaise with KPMG to ensure a hard close on the audit process.

Owner

Director of Finance

Original deadline

March 2017

KPMG’s July 2017 assessment

Fully implemented



2. Journals authorisation

Our testing identified two journals without evidence of authorisation.

Recommendation

The Authority should ensure that there is an audit trail to evidence appropriate authorisation of all journals.

Management original response

For those few journal types where electronic authorisation does not take place, a revised process has been put in place to record evidence of manual authorisation

Owner

Head of Finance

Original deadline

September 2016

KPMG's July 2017 assessment

Fully implemented



3. Related Party Returns

Two members did not return their forms to confirm their related party transactions until very late in the audit process.

Recommendation

Related party returns should be provided promptly in order to verify the accuracy of the related party transactions within the accounts.

Management original response

The Finance team will work with the Clerk to the Fire Authority in future to ensure that all related party confirmations from Members are returned within an appropriate timescale

Owner

Head of Finance

Original deadline

March 2017

KPMG's July 2017 assessment

Fully implemented

Materiality and reporting of audit differences

The assessment of what is material is a matter of professional judgement and includes consideration of three aspects: materiality by value, nature and context.

Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.

Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.

Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

We used the same planning materiality reported in our External Audit Plan 2016/17, presented to you in February 2017.

Materiality for the Authority's accounts was set at £1 million, which equates to around 1.9% percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Nottinghamshire Fire & Rescue Service

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Nottinghamshire Fire & Rescue Service any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under *ISA 260*, we are obliged to report omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. *ISA 260* defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 requires us to request that uncorrected misstatements are corrected.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £50,000 for the Authority.

Where management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Nottinghamshire Fire & Rescue Service to assist it in fulfilling its governance responsibilities.

Declaration of independence and objectivity

Auditors appointed by Public Sector Audit Appointments Ltd must comply with the Code of Audit Practice (the 'Code') which states that:

"The auditor should carry out their work with integrity, objectivity and independence, and in accordance with the ethical framework applicable to auditors, including the ethical standards for auditors set by the Financial Reporting Council, and any additional requirements set out by the auditor's recognised supervisory body, or any other body charged with oversight of the auditor's independence. The auditor should be, and should be seen to be, impartial and independent. Accordingly, the auditor should not carry out any other work for an audited body if that work would impair their independence in carrying out any of their statutory duties, or might reasonably be perceived as doing so."

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Public Sector Audit Appointments Ltd Terms of Appointment ('Public Sector Audit Appointments Ltd Guidance') and the requirements of APB Ethical Standard 1 Integrity, Objectivity and Independence ('Ethical Standards').

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Public Sector Audit Appointments Ltd guidance requires appointed auditors to follow the provisions of *ISA (UK&I) 260 'Communication of Audit Matters with Those Charged with Governance'* that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

- Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor's objectivity and independence.
- The related safeguards that are in place.
- The total amount of fees that the auditor and the auditor's network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been

contracted or where a written proposal has been submitted are separately disclosed. We do this in our Annual Audit Letter.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor's professional judgement, the auditor is independent and the auditor's objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor's objectivity and independence may be compromised and explaining the actions which necessarily follow from his. These matters should be discussed with the Nottinghamshire Fire & Rescue Service. Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Engagement Lead and the audit team.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP Audit Partners and staff annually confirm their compliance with our Ethics and Independence Manual including in particular that they have no prohibited shareholdings.

Our Ethics and Independence Manual is fully consistent with the requirements of the Ethical Standards issued by the UK Auditing Practices Board. As a result we have underlying safeguards in place to maintain independence through: Instilling professional values, Communications, Internal accountability, Risk management and Independent reviews.

We would be happy to discuss any of these aspects of our procedures in more detail.

Auditor declaration

In relation to the audit of the financial statements of Nottinghamshire Fire & Rescue Service for the financial year ending 31 March 2017, we confirm that there were no relationships between KPMG LLP and Nottinghamshire Fire & Rescue Service, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd (PSAA) requirements in relation to independence and objectivity.

Appendix 4

Audit fees

Audit fees

As communicated to you in our External Audit Plan 2016/17, our scale fee for the audits are:

- Nottinghamshire Fire & Rescue Service: **£31,050** plus VAT (*£31,050 in 2015/16*)

However, we will be proposing an additional fee due to additional work undertaken in relation to the CIES restatement,. We will discuss these fees with the Head of Finance and this will also be subject to PSAA determination/approval.

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APPENDIX B

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Mr Cardoza
KPMG LLP
One Snowhill
Snow Hill, Queensway
Birmingham
B4 6GH

22 September 2017

Dear Mr Cardoza

This representation letter is provided in connection with your audit of the financial statements of Nottinghamshire and City of Nottingham Fire and Rescue Authority ("the Authority"), for the year ended 31 March 2017, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the financial position of the Authority as at 31 March 2017 and of the Authority's expenditure and income for the year then ended;
- ii. whether the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

These financial statements comprise the Authority Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes.

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Authority has fulfilled its responsibilities, as set out in the Accounts and Audit Regulations 2015, for the preparation of financial statements that:
 - i. give a true and fair view of the financial position of the Authority as at 31 March 2017 and of the Authority's expenditure and income for the year then ended;
 - ii. have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Authority in making accounting estimates, including those measured at fair value, are reasonable.

3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

Information provided

5. The Authority has provided you with:
 - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from the Authority for the purpose of the audit; and
 - unrestricted access to persons within the Authority and the Group from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. The Authority confirms the following:
 - i) The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Authority has disclosed to you all information in relation to:
 - a) Fraud or suspected fraud that it is aware of and that affects the Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements; and
 - b) allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

10. The Authority has disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures*.

11. The Authority confirms that:

- a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Authority's ability to continue as a going concern as required to provide a true and fair view.
- b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Authority to continue as a going concern.

12. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 (revised) *Employee Benefits*.

The Authority further confirms that:

- a) all significant retirement benefits, including any arrangements that are:
 - statutory, contractual or implicit in the employer's actions;
 - arise in the UK and the Republic of Ireland or overseas;
 - funded or unfunded; and
 - approved or unapproved,

have been identified and properly accounted for; and

- b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Authority on 22nd September 2017.

Yours sincerely,

Councillor Brian Grocock
CHAIR OF THE FIRE AUTHORITY

Geoff Walker
TREASURER TO THE FIRE AUTHORITY

Appendix to the Authority Representation Letter of Nottinghamshire and City of Nottingham Fire and Rescue Authority: Definitions

Financial Statements

A complete set of financial statements comprises:

- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information.

A local authority is required to present group accounts in addition to its single entity accounts where required by chapter nine of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

A housing authority must present:

- a HRA Income and Expenditure Statement; and
- a Movement on the Housing Revenue Account Statement.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund.

A pension fund administering authority must prepare Pension Fund accounts in accordance with Chapter 6.5 of the Code of Practice.

An entity may use titles for the statements other than those used in IAS 1. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Key management personnel in a local authority context are all chief officers (or equivalent), elected members, the chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a) a government that has control, joint control or significant influence over the reporting entity; and
- b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

TREASURY MANAGEMENT ANNUAL REPORT 2016/17

Report of the Treasurer to the Fire Authority

Date: 22 September 2017

Purpose of Report:

To provide Members with an update on treasury management activity during the 2016/17 financial year.

CONTACT OFFICER

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1. BACKGROUND

1.1 Treasury management is defined as:

“The management of the local 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. ”

1.2 The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised in 2011) was adopted by the Fire Authority on 9 April 2010.

1.3 The primary requirements of the Code are as follows:

1. The creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Authority’s treasury management activities.
2. The creation and maintenance of Treasury Management Practices which set out the manner in which the Authority will seek to achieve those policies and objectives.
3. Receipt by the Fire Authority of an annual Treasury Management Strategy Statement for the year ahead, a mid-year review report and an annual report covering activities during the previous year.
4. Delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Authority of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Authority the delegated body is the Finance and Resources Committee.

1.4 This annual report has been prepared in compliance with CIPFA’s Code of Practice, and covers the following:

- An economic review of 2016/17
- A review of Capital Activity during 2016/17 and the impact of this on the Authority’s Capital Financing Requirement
- A review of the Investment and Cash Management Strategy during 2016/17
- Investment and Cash Activity during 2016/17.
- A review of the Year End Investments and Cash Position and Usable Reserves
- A review of the Borrowing Strategy and Borrowing Activity during 2016/17
- A summary of compliance with Treasury and Prudential Limits for 2016/17.

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

2. REPORT

ECONOMIC REVIEW

- 2.1 Two major events had a significant impact on financial markets during 2016/17: the UK EU referendum on 23 June 2016 and the election of President Trump in the USA on 9 November 2016. The outcome of the EU referendum immediately affected market expectations of when the first increase in the bank rate would happen, pushing it back from quarter 3 2018 to quarter 4 2018. At its meeting on 4 August the Monetary Policy Committee (MPC) cut the bank rate from 0.5% to 0.25%, and the Bank of England's Inflation Report produced forecasts warning of a major shock to economic activity in the UK which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting the bank rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby cheap financing was made available to banks in order to encourage them to pass on the cuts in the bank rate to their customers.
- 2.2 In the second half of 2016 the UK economy confounded the Bank of England's pessimistic forecasts. After growth in quarter 1 of just +0.2% the three subsequent quarters came in at +0.6%, +0.5% and +0.7%. Overall annual growth in 2016 was +1.8% compared with 2015, and the UK had one of the fastest growth rates amongst the G7 countries. As a result of this the MPC did not make any further cuts to the bank rate, however inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum.
- 2.3 US Treasury yields have risen sharply since the election of President Trump due to promises of fiscal stimuli which are likely to increase growth and also raise inflationary pressures in the USA. On the other hand, bond yields in the EU have been depressed due to the European Central Bank (ECB) cutting rates into negative territory and carrying out major quantitative easing during 2016/17 in order to boost growth and get inflation up from near zero towards the target of 2%. As a result of the action taken by the ECB, economic growth has improved significantly in the Eurozone to an overall figure of 1.7% for 2016. Gilt yields in the UK have been caught between US and EU influences and the result is that the gap in yields between US Treasury bonds and UK gilts has widened sharply during 2016/17 due to market perceptions that the UK is likely to be two years behind the US in starting on an upswing in rates.

REVIEW OF CAPITAL ACTIVITY IN 2016/17

- 2.4 The Authority undertakes capital expenditure on long term assets. These activities may either be:

- Financed immediately by way of capital or revenue resources (capital receipts, capital grants, revenue contributions), which does not give rise to a requirement to borrow; or
- If insufficient financing is available, or if a decision is taken not to apply resources, the capital expenditure will need to be financed by borrowing.

2.5 Actual capital expenditure forms one of the required prudential indicators. The table below shows actual capital expenditure in the year and how this was financed.

	2015/16 Actual	2016/17 Estimate	2016/17 Actual
	£000's	£000's	£000's
Capital Expenditure	5,282	4,505	2,048
Resourced By:			
- Capital Grants	440		7
- Capital Receipts	30		2,041
- Revenue Contributions	109		0
- Internally Financed	4,703		6
- Borrowing	0		0
Total Financed Capital Expenditure	5,282		2,048

2.6 The 2016/17 prudential indicator for Estimate of Total Capital Expenditure to be Incurred was £4,505k, and this indicator included assumed capital slippage from 2015/16 of £2,541k. The actual amount of slippage from 2015/16 was £4.2m, however the 2016/17 capital programme underspent significantly. The actual amount of capital expenditure incurred in 2016/17 (£2,048k) is well within the prudential indicator. As at 31 March 2017, the Authority's capital financing requirement was £23,885k, which was within the prudential indicator set of £29,190k. The Capital Financing Requirement (CFR) figure represents the Authority's underlying need to borrow to fund capital expenditure and equates to un-financed capital expenditure which has not yet been paid for by revenue funding or other resources such as capital grants or receipts. The CFR is reduced over time by way of a statutory Minimum Revenue Provision charge to revenue which effectively charges the revenue budget for the use of capital assets over their asset lives.

REVIEW OF THE INVESTMENT AND CASH MANAGEMENT STRATEGY

2.7 The Treasury Management Strategy approved by the Authority set out the policies for managing investments and for giving priority to the security and liquidity of those investments. The risk appetite of this Authority is low in order to give priority to security of its investments. Accordingly the following types of low risk specified investments may be made:

- Deposits with the Debt Management Agency (Government)
- Term deposits with Banks and Building Societies

- Term Deposits with uncapped English and Welsh local authority bodies
- Call deposits with Banks and Building Societies
- Triple-A rated Money Market Funds
- UK Treasury Bills
- Certificates of Deposit

During the year, all investments were made with banks, building societies (either term deposits or call deposits) and other local authority bodies.

2.8 The Authority will aim to limit its investment with any single counterparty to £2m although the strategy noted that this was sometimes difficult to achieve. No term deposits will be made for more than 1 year without the prior approval of the Treasurer and the Chair of Finance and Resources Committee. The selection of counterparties with a high level of creditworthiness will be achieved by reference to Capita's weekly credit list of potential counterparties. The Capita weekly credit list shows potential investment counterparties, which are colour-coded to indicate the maximum period it is recommended that investments are made for. The Authority will therefore use counterparties with the following durational colour codes:

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

The Authority has made all investments with counterparties during the year in accordance with the maximum periods advised by Capita.

2.9 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 seem worthwhile.

2.10 In terms of cash resources, the strategy is to maintain a bank overdraft facility of £200,000, to continue to use cash flow forecasting to predict cash surpluses and shortfalls so that these can be managed and to invest current account balances in the Business Premium Account on a daily basis if the interest rate is favourable.

2.11 All aspects of the treasury management strategy outlined for 2016/17 remained in place throughout the year. The Strategy included a forecast for the bank rate, which showed that this was expected to be at 0.75% by 31 March 2017. The bank rate was reduced from 0.5% to 0.25% in August 2016 due to reasons outlined in paragraph 2.1.

INVESTMENT AND CASH ACTIVITY IN 2016/17

- 2.12 As at 31 March 2017, the Authority held £9.49m of principal as short term investments. This comprised 7 separate investments with 6 different counterparties. With the exception of the overnight investment in the Barclays Business Premium Account which was £2.4m, all of the investments were for £2m or less. Five of the investments were call accounts held with three different banks and one building society, and one was a fixed term deposit with the City and County of Swansea. The fixed term deposit was for 31 days and it matured on 27th April 2017. Of the five call accounts held at the end of 2016/17, four are still in place with their balances unchanged at the time of writing this report. One call account which held £1.5m was closed on 31 May.
- 2.13 During the course of the year, 10 investments were made, excluding the overnight sweep to the Business Premium Account. None of these exceeded £2m in value. All investments were made in accordance with the Authority's credit rating criteria policy. There were occasions when the amount invested with the Authority's own bank (Barclays Bank) exceeded £2m due to difficulties at those times in placing funds with counterparties meeting our credit rating criteria. The majority of investments were held for less than 365 days, however two of the call accounts were held for more than 1 year. These two call accounts have notice periods of 1 day and 95 days respectively, and their creditworthiness was continually monitored against Capita's credit listings. Had it looked likely that the maximum recommended investment term for these institutions would have fallen below the call account notice period, then the funds would have been withdrawn.
- 2.14 The 3 Month LIBID benchmark rate for the year was 0.315%. The Authority's investments earned an average rate of 0.64% during the year resulting in total investment (including overnight savings interest on the current account) income earned of £64k, against a budgeted sum for investment income of £76k.
- 2.15 During the year, there was no requirement to use the Authority's overdraft facility.

REVIEW OF INVESTMENTS / CASH POSITION AND USABLE RESERVES

- 2.16 Members will be aware that the Authority's "usable" reserves i.e. the General Fund and Earmarked Reserves have not been fully cash backed in the past due to the internal financing of capital expenditure in previous years. Following the "credit crunch" in 2008 a decision was taken to delay borrowing, thereby avoiding an increase in cash balances whilst the money markets were suffering a degree of turmoil and credit ratings were volatile. Furthermore, investment interest rates have been substantially lower than debt interest rates so the use of reserves rather than borrowing to finance capital expenditure over the past few years has resulted in better value for money in the short term.
- 2.17 At 31 March 2017 the value of the Authority's usable reserves totalled £13.555m. The balance sheet as at the same date shows that short term

investments were valued at £6.481m and cash held totalled £3.059m. This means that reserves are not fully cash-backed to the tune of £4.015m, a figure which has decreased from £5.726m at the end of 2015/16. The 2016/17 Treasury Management Strategy set out the Authority's aim to reduce the level of internal borrowing and build up cash balances to ensure that usable reserves are cash-backed to an appropriate level, however the Strategy also made it clear that the timing and rate at which cash balances increased would very much depend on the prevailing economic conditions. Opportunities have arisen during the year for the Authority to borrow from the Public Works Loan Board (PWLB) at extremely low interest rates, and this has allowed the level of internal borrowing to be reduced whilst minimising the "cost of carry" that arises due the differential between borrowing and investment rates. The average rate for a 25 year PWLB maturity loan was 2.92% during 2016/17, whilst the average rate of return on investments was 0.64%. The Authority has therefore saved around 2.28% through the use of internal borrowing. This equates to £91.5k on a balance of £4.015m. Members can be assured that if the Authority needs to spend some of its usable reserves there is sufficient liquidity in its financial position to enable it to do so.

REVIEW OF THE BORROWING STRATEGY AND BORROWING ACTIVITY IN 2016/17

- 2.18 The strategy recommended that a combination of capital receipts, internal funds and borrowing would be used to finance capital expenditure during 2016/17. Capital receipts of £2,041k and capital grant of £7k were applied to finance expenditure.
- 2.19 In May 2016 the Authority took a 3 month loan of £4m from Cumbria County Council at a rate of 0.48%. The total interest cost of this loan was £4.8k. It was decided that short term rather than long term borrowing should be taken at that point in the year as it would be more cost effective to delay long term borrowing until a £2m loan matured in September in order to avoid the cost of carry. At the time the short term loan was taken, the Authority held £4m in call accounts. The interest rates on these accounts ranged from 0.6% to 0.95%, so it was better to borrow at 0.48% than to recall investments.
- 2.20 In August 2016 PWLB rates reached historically low levels, so the Authority was able to secure a £3m 49 year maturity loan at a rate of 1.95%. This loan was partly used to refinance the £2m loan with a rate of 3.41% which matured in September, and it also enabled the Authority to reduce its level of internal borrowing.
- 2.21 In March 2017 the Authority took a £2m 44.5 year maturity loan from the PWLB at a rate of 2.45%. This further reduced the Authority's level of internal borrowing, and also reduced its average borrowing rate from 3.76% to 3.65% whilst lengthening the duration of the portfolio so it secures longer-term certainty.
- 2.22 The treasury management limits to loan maturity were set in 2016/17 and are shown below:

Loan Maturity		
	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%

- 2.23 No rescheduling of debt took place, as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.
- 2.24 The Authorised Limit is the affordable borrowing limit above which the Authority does not have the power to borrow. This was set at £30.829m for 2016/17. Total borrowing as at 31 March 2017 was £23.262m, which was well within the Authorised limit.
- 2.25 The Operational Boundary is the expected borrowing position of the Authority within the year. This was set at £28.026m for 2016/17, and was not exceeded at any point during the year.

SUMMARY OF COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

- 2.25 The following indicators were approved by Members for the 2016/17 financial year. Actual performance is shown in the final column of the table below.
- 2.26 The indicator for the Ratio of Financing Costs to Net Revenue Stream shows an actual result of 5.2% compared to an estimated ratio of 5.6%. This is largely due to the actual financing costs being £144k lower than estimated. This is because of a £282k underspend on interest costs due to a combination of budgeting later than planned, as well as borrowing at a lower rate than budgeted. This underspend is partially offset by an overspend on the minimum revenue provision (MRP) charge, which was due to capital expenditure for 2015/16 (on which the 2016/17 charge is based) being higher than originally anticipated due to a significant amount of capital expenditure being slipped from previous years.
- 2.27 The indicator for the Incremental Impact of New Capital Investment Decisions on Council Tax shows an actual result of £0.55, which is in line with the estimate.
- 2.28 The Authority holds a £4m Lender Option Borrower Option (LOBO) loan which was taken out in 2008. This is due to mature in 2078, however under the terms of this loan the interest rate can be revised by the lender at five year intervals, with the next opportunity for revision being in March 2018. If the lender chooses to exercise this option then the Authority could choose to repay the loan if the newly offered interest rate is not advantageous. This loan is therefore categorised as maturing in March 2018 for the purposes of

calculating the loan maturity prudential indicator, even though it is extremely unlikely that the lender will exercise their option and so the loan agreement will almost certainly continue beyond this period. If the Loan Maturity indicators were to be calculated based on the assumption that the LOBO would mature in 2078, the proportion of loans maturing within 12 months would change from 17.2% to 0.0% and the proportion maturing in 20 years or over would change from 42.6% to 59.8%.

Treasury or Prudential Indicator or Limit	Approved for 2016/17	Actual for 2016/17
<i>Estimate of Ratio of Financing Costs to Net Revenue Stream</i>	5.6%	5.2%
<i>Estimate of the Incremental Impact of New Capital Investment Decisions on the Council Tax (Band D)</i>	£0.55	£0.55
<i>Estimate of Total Capital Expenditure to be Incurred</i>	£4,505,000	£2,048,000
<i>Estimate of Capital Financing Requirement</i>	£29,190,000	£23,885,000
<i>Operational Boundary</i>	£28,026,000	Not exceeded
<i>Authorised Limit</i>	£30,829,000	Not exceeded
<i>Upper limit for fixed rate interest exposures</i>	100%	100%
<i>Upper limit for variable rate interest exposures</i>	30%	0%
<i>Loan Maturity:</i>	<u>Limits:</u>	<u>Limits:</u>
<i>Under 12 months</i>	Upper 20% Lower 0%	17.2%
<i>12 months to 5 years</i>	Upper 30% Lower 0%	27.2%
<i>5 years to 10 years</i>	Upper 75% Lower 0%	13.0%
<i>10 years to 20 years</i>	Upper 100% Lower 0%	0.0%
<i>Over 20 years</i>	Upper 100% Lower 30%	42.6%
<i>Upper Limit for Principal Sums Invested for Periods Longer than 364 Days</i>	£2,000,000	£2,000,000

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

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

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

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

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

That Members note the contents of this report.

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

None.

Geoff Walker
TREASURER TO THE FIRE AUTHORITY



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

ANNUAL STATEMENT OF ASSURANCE 2016-17

Report of the Chief Fire Officer

Date: 22 September 2017

Purpose of Report:

To present the Annual Statement of Assurance 2016-17 for approval.

CONTACT OFFICER

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Assistant Chief Fire Officer

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1. BACKGROUND

- 1.1 The Fire and Rescue Service National Framework places a mandatory requirement on fire authorities to provide assurance on financial, governance and operational matters, with due regard to the expectations set out in the integrated risk management plan (IRMP).
- 1.2 The production of an Annual Statement of Assurance contributes to the requirement for greater public sector transparency and accountability and with its publication offers and promotes accessibility to information.
- 1.3 The 2016-17 Statement of Assurance replaces the 'annual report' and is supported by guidance from the Chief Fire Officers Association.
- 1.4 Members will be aware that Home Office have recently announced establishment of Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) and officers will monitor any implications of this on the continued validity and requirement for the Statement of Assurance.

2. REPORT

- 2.1 The Annual Statement of Assurance 2016-17 provides a backwards look at organisational performance, providing confidence to local communities and central government in support of the Services national resilience role.
- 2.2 The Annual Statement of Assurance 2016-17 signposts (in the form of links) available information that can be accessed, for example, Statement of Accounts or Fire Authority reports.
- 2.3 The following sections summarise the content of the Annual Statement of Assurance 2016-17:
 - **Financial Performance** – sets out the financial performance of the Service
 - **Governance Statement** – explains how the Service manages its governance and internal control measures;
 - **Services to the Community** – provides progress against the priorities set out within the IRMP;
 - **Framework Requirements** – this demonstrates how the Service has met the requirements set out in the National Framework (2012);
 - **Planned Improvements** – this provides a forward-looking aspect for the year ahead and supports the IRMP priorities.

- **Community Engagement** - forms part of the arrangements for transparency and how further information and feedback will be dealt with by the organisation – eg: general enquires for information or complaints.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

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

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken as this report does not change policy or service delivery functions.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

Failure to produce the statement and make it publicly available could lead to Government intervention, and undermine community confidence in the Service.

8. RISK MANAGEMENT IMPLICATIONS

There are no risk management implications arising from this report.

9. COLLABORATION IMPLICATIONS

There are no direct collaboration implications arising from this report, however with the reintroduction of HMICFRS it is hoped that closer working with the Police will provide opportunities to share knowledge and resources.

10. RECOMMENDATIONS

That Members approve for publication the Annual Statement of Assurance 2016-17.

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

None

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CHIEF FIRE OFFICER



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Statement Of Assurance 2016 - 2017

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Introduction

Within the current Fire and Rescue National Framework for England the Government set out its requirements for fire and rescue services to publish a statement of assurance. This annual document provides assurance to communities on financial, governance and operational matters. The statement will show how Nottinghamshire Fire and Rescue Service (NFRS) has had due regard to the expectations set out in the Integrated Risk Management Plan (IRMP) and the requirements included within the Framework document.

Context

The Service is accountable for its performance and is open to evaluation by the communities it serves. Much of the information communities require to make a valid assessment of the fire and rescue authority's performance is already available. This Statement of Assurance presents this information in a clear, accessible and user-friendly way setting the context within each section and using links to key documents where appropriate to evidence compliance with external and internal performance standards.

Financial Performance

Under the Local Government Act 1999 fire and rescue authorities are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is properly accounted for and used economically, efficiently and effectively.

NFRS provides financial assurance through the publication of an [Annual Statement of Accounts](#). This is a statutory requirement under the Accounts and Audit Regulations 2015, and the accounts are prepared following the Code of Practice on Local Authority Accounting. The financial statements are subject to review by independent auditors as directed by the Local Audit and Accountability Act 2014.

The Service's appointed external auditor has been KPMG LLP since 2012/2013. The auditors are responsible for two key areas:

1. *Financial statements (including the [Annual Governance Statement](#)):* Providing an opinion on your accounts; and
2. *Use of resources:* Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

Internal Audit forms part of the wider system of internal control which deals entirely with the Authority's exposure to financial, and to some extent non-financial risk. The Service's [internal audit for 2016-17](#) was provided by Nottinghamshire County Council. Presenting the annual report to the Finance and Resources Committee of the Authority enables Members to see the work of internal audit and the contribution that they make to the overall system of internal control.

Governance Statement

The [Annual Governance Statement](#) publicly explains how the Service manages its governance and internal control measures. It is an open and honest account of how the Service ensures its financial management system is adequate and effective, as well as ensuring it has a sound system of internal control, assuring the utmost integrity in all its dealings.

The Governance Framework comprises the systems, processes, cultures and values for the direction and control of the Authority and the activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

In addition to the Annual Governance Statement, the Authority has a [Code of Corporate Governance](#) that the Authority commits to in carrying out its duties and responsibilities. In this document, officers have identified against each of the code's principles what source documentation or existing practice demonstrates how the Authority complies with the principles that make up the code.

NFRS believes it is important to be open about the way it spends public money. We have used the [Local Government Transparency Code 2014](#) on data transparency, which recommends datasets the Service should make available as a minimum, as a starting point for deciding what information NFRS should make available.

Our Services to the Community

The Authority's IRMP provides an opportunity to demonstrate how the Service will discharge its responsibilities in a way that is open and transparent to its communities and others with an interest.

[IRMP 2014-2019](#) identifies and assesses foreseeable fire and rescue related risks which could affect its communities, including those of a cross-border, multi-authority and/or national nature. The plan has regard to the community risk registers produced by the Local Resilience Forum (LRF) and any other local risk analyses as appropriate.

Consultation on the IRMP was carried out by [Opinion Research Services](#) and included online and paper surveys as well as face to face forums with different communities across the county.

Set out below are the actions that the Service has taken against each of its six priority areas over the period 2016 – 2017.

Priority 1 Service Delivery

The Service will continue to use a risk-based approach to improve the service to individuals, communities and local businesses with an emphasis on creating safer communities, and reducing death and injuries. NFRS will do this through four key themes: preparedness, response, prevention and protection.

Within the East Midlands Fire sector an Emergency Services Network (ESN) Regional Programme Board has been set up supported by local FRS project managers and designated functional leads (technical, procurement, training, devices, coverage, control, trials/pilots/testing, user configuration) along with a Regional Programme Manager to support the Home Office Emergency Services Mobile Communications Programme (ESMCP) and to implement and deliver ESN to the services. Nottinghamshire Fire and Rescue Service (NFRS) are providing the regional ESN Senior Information Risk Owner, regional Technical Advisor, regional Procurement Advisor and the regional Coverage functional lead. NFRS are also working closely with the national ESMCP team and the other East Midlands FRS's and Police Forces to ensure a collaborative and joined up project roll out.

NFRS has developed the Operational Intelligence Module which will provide mobile risk information to operational crews based on the principles of the Provision of Operational Risk Information System (PORIS) to maximise fire fighter safety to locally identified risks. It also contributes to a larger project of delivering mobile working for operational crews.

During 2016-17, the Service continued to facilitate the On-Call review project which addressed key themes in support of the Retained Duty System (RDS) in relation to recruitment, retention and availability. This workstream saw work being undertaken to review a number of areas to more effectively utilise the RDS element of our workforce, including the reintroduction of Community Safety activities and the gathering of risk information by RDS personnel. The project also addressed working practices of the RDS including the attendance at certain incident types, delivery of training and engagement with RDS personnel through working groups, seminars and briefings.

During 2016-2017, the Service continued to participate in the National trial for Emergency First Responding (EFR). This saw two RDS stations continue to respond to urgent medical emergencies, as an initial intervention, prior to the arrival of East Midlands Ambulance Service (EMAS). The RDS participation in the trial was further expanded to three Wholetime Duty System (WDS) appliances for a period of three months, which saw WDS crews attend 676 incidents across three locations in the County. The WDS trial ended in February 2017 and contributed vital statistics to the national trial, whilst the two RDS stations continue to operate on the EFR trial; complementing the four RDS stations which already operate a community first responder (CFR) scheme in their communities.

A community safety initiative around Health and Wellbeing, is contributing to the Service developing a more holistic role in the delivery of community safety which ensures NFRS also supports the key safety messages of partners' agencies to further help and support the most vulnerable members of communities.

The Service uses a targeted approach when carrying out fire protection activities and ensures all dealings with properties are relevant and proportionate to the risk we perceive the premises presents to the community. Two particular priorities are hospital/care facilities and sleeping accommodation (flats, bedsits etc.) above businesses. NFRS is working proactively with businesses and landlords to reduce this risk.

NFRS actively engages with local businesses through the Growth Hub and Local Enterprise Partnerships. The Services Business Education Advocate organises forums, training and advice sessions to publicise the assistance NFRS can provide to support business resilience and the local economy.

NFRS is a Primary Authority with Boots PLC, one of the largest retailers in the UK. This partnership allows the Service to provide assured advice to Boots to support their business nationally and demonstrates our commitment to providing clear, consistent support to local and national businesses, whilst similarly respecting the advice given to other businesses who are in Primary Authority Schemes with other fire and rescue services.

Priority 2 Employees and Workforce

The Service will ensure that employees have the capacity and skills to meet NFRS's delivery objectives and provide a work place where employees feel supported, valued and competent to undertake their roles.

A new virtual reality incident command simulator training facility has been procured and introduced to deliver highly realistic operational incident simulation scenarios for the assessment and development of operational commanders. All initial incident commanders are now being assessed on their command competence on a two yearly cycle.

The Service is now working to a new [Digital Learning Strategy](#) with a development programme to mainstream digital learning within the Service. With the increased funding and resources NFRS have a new e-learning platform and a dedicated e-learning development team. It is envisaged that this will form part of a regional collaborative team to provide digital products in the future across the region.

Average absence (excluding RDS) reduced from 8.57 days per employee to 7.63 days during 2016-17 (13.8% decrease). The majority of this absence (45%) was due to long-term medical conditions.

As part of the Services organisational development agenda, the core values have been reviewed and revised through independently facilitated workshops which have been open to all employees. The Service launched these values in 2016-17 and facilitated sessions have been taking place across the Service.

The 'Little Acorns' staff suggestion scheme has developed further and employees' suggestions are being considered and taken forwards. Wherever possible the person making the suggestion is involved in the development of the idea. If an idea cannot go forwards, the employee will always get a reply thanking them for the suggestion and explaining the reasons why.

NFRS has progressed its Coaching and Mentoring Strategy with a cohort of coaches achieving ILM level 5. Employees are being matched with trained coaches internally as well as externally via the East Midlands Coaching Network. Coaching with teams has also taken place which have helped to improve morale and communication. Coaching practice is also being improved on a more informal basis by developing skills in the workplace

Watch Manager Development Days and Service Delivery Forums have also been successful additions to the development calendar this year for staff building on the success of the Institute of Fire Engineers Continuous Professional Development Days which started in 2016. The Service has also hosted its second Springboard Leadership Programme for Women and is again participating in the multi-agency Future Leaders programme led by Nottingham City Council.

There has been a concerted effort to improve opportunities for employees to engage with the Service, to raise awareness of key issues and to contribute to service development during 2016. This forms a key part of NFRS's organisational development agenda. 180 employees attended spring conferences led by the Chief Fire Officer over the past year to explain future challenges and respond to concerns about the future. These sessions form part of an on-going dialogue with the workforce.

The Service continues to have good relationships with all representative bodies, and meets regularly to discuss workforce issues.

Priority 3 Improvement and Governance

With increasing demand for services likely across the public sector, NFRS will be required to base its decisions upon robust intelligence and work alongside its partner/agency service providers in a more collaborative manner.

The Authority published its first Efficiency Plan this year, setting out targets for achieving savings over the period of the Medium Term Financial Strategy. This will be updated annually and be included within the annual Statement of Assurance in future.

The Emergency Planning College carried out an audit of Business Continuity Management arrangements, the findings of which have been fed into a Business Continuity Management implementation plan. The Office of Surveillance

Commissioners conducted an inspection to check on the Authority's compliance with the Regulation of Investigatory Powers Act and the report was positive, recommending only a few small changes to our current RIPA policy and processes.

A restructure of some departments within the Service was carried out in 2016/17 and three related functions, which used to be separate departments, have now been brought together within one team: Operational Assurance; Health, Safety and Environmental Risk Management; Business Risk Management. It is expected that this integration will result in more efficient and collaborative working.

NFRS continues to satisfy the requirements of the Civil Contingencies Act 2004, working alongside neighbouring Fire and Rescue Authorities and nationally, to achieve effective interoperability. The Service has adopted the Joint Emergency Services Interoperability Doctrine and National Co-ordination and Advisory Framework and participate in joint exercises to ensure that we are well prepared to deal with larger scale emergencies.

The Service works closely with other emergency responders and the local and national resilience structures to ensure preparedness for risks identified within the national and local risk register. NFRS is an integral partner within the LRF and currently chair the training sub group and the Chemical, Biological, Radiological, Nuclear and Explosive (CBRNE) weapons group. In support of national resilience, NFRS has enhanced the capability to respond to major emergencies such as terrorist attacks, industrial and domestic accidents and natural disasters. We are a partner in the Multi Agency Initial Assessment Team which provides an initial assessment of potential CBRNE incidents.

A risk-based approach has enabled the Service to develop tactical and strategic plans with partners to deal with major events such as extreme weather, flooding, industrial action, fuel shortage, pandemic flu, power shortages and anti-social behaviour. Local teams continue to undertake themed visits and inspections to enhance awareness of important local community risks.

A review of protective security within the Service has been undertaken to ensure compliance with the Chief Fire Officers Association (CFOA) framework and toolkit. As a result a Protective Security Steering Group (PSSG) has been established to act as a facilitator for cross-cutting advice to ensure security is consistent and supports business objectives. The PSSG provides support and direction for the implementation of protective security controls across the Service and takes a holistic approach to physical security controls, personnel security controls, information security controls, business continuity and wider risk management issues.

Priority 4 Engagement and Partnerships

The Service continues to work closely with partners and community organisations in order to identify and keep safe those members of Nottinghamshire's communities who are most at risk.

In 2016-17 the New Cross project provided a cross sector approach to more effectively support local communities, bringing together different agencies and taking

an integrated approach with all frontline staff. This has since been expanded into the Broomhill ward, developing the lessons learnt from the New Cross project. A member of the NFRS was seconded to oversee the project, which covers a small community. The Risk Reduction Officer was assigned as a case worker, overseeing four cases. The Officer coordinates relevant service providers to assist in particular cases and in one case, supported a particular individual in securing a tenancy following periods of drug abuse, homelessness and incarceration.

Significant health factors are proven to contribute to a poor outcome to a fire within the home. Therefore it is important. NFRS engage with their health partners to reduce this risk. In preparation for the introduction of Safe and Well visits the Service has developed new partnerships with health partners:

- Clinical Commissioning Groups
- Public Health England
- Mental Health Crisis Team
- New Leaf

NFRS continues to work closely with housing providers and Environmental Health officers to improve safety standards in rented accommodation within Nottinghamshire.

NFRS have engaged with a cross agency water safety partnership in conjunction with the Royal Life Saving Society (RLSS). The objective of this partnership is to raise awareness of the hazards and dangers of rivers and waterways.

Priority 5 Environment

NFRS is committed to minimising our impact on the environment by integrating environmental considerations into all aspects of the Services work, by meeting legal standards, seeking competent advice and adopting best practice.

During 2016-17 the Service's health and safety department have developed an environmental strategy and policy statement that has set targets for the reduction of waste produced by the Service, with the ultimate aim of sending zero waste to landfill. The vehicle replacement strategy will reflect the aim of the Service to ensure the most suitable type of vehicle are procured for their purpose, taking into consideration fuel efficiency and emissions. The Service is also installing charging electric points at multiple sites and is purchasing two electric vehicles as part of its fleet.

The station replacement programme continues in-line with the property strategy, Newark which is ongoing and the new station at London Road is now open. The new station incorporates similar features to other recently built stations and is linked to Nottingham City's district heating system which will contribute to reducing CO2 emissions by one third. Thermal insulation has been increased and energy efficient lighting systems and photovoltaic cells for electricity generation have been fitted.

Other strategies being incorporated by the Service to address its environmental responsibilities are the completion of Skype for business roll out which will reduce the need for business travel through the provision of telephone and video conferencing functionality. A vehicle utilisation study has also been conducted by the Service with the aim of identifying targets for the reduction of carbon emissions associated with vehicle use.

Priority 6 Inclusion and Equality

NFRS prides itself on its approach to inclusion and equality. The Service will continue to work on the principle to treat people equally, but we sometimes need to deliver services both internally and externally in different ways to ensure the needs of everyone are met and equality of opportunity is provided.

The Service achieved the excellent level against the Fire Service Equality Framework, and improved its position in the Stonewall Top 100 Employers during 2016-17 scoring 125 points out of 200, this reflects the Service's commitment to embedding a culture of fairness and equality across the workplace.

The Service contributed to a joint LGBT role models booklet and film, in partnership with other top 100 employers. Both the booklet and film features one of our employees discussing their experiences. The partnership built on these resources and delivered a role models conference marking LGBT history month in February which again the an employee from the Service spoke at sharing their experiences.

NFRS has continued to embed its Proud Friends program, the scheme is based on a Straight Ally Scheme but is open to all staff whether gay, straight, out or not who want to support their LGBT (Lesbian, Gay, Bisexual or Trans) colleagues and those in the wider community.

The Service started a network in partnership with Derbyshire and Leicestershire FRS's to address the needs of dyslexic employees and improve declaration. An outcome of this has been to make the software Read Write Gold available across all NFRS ICT systems.

The service ran an International Day of Disabled people, awareness raising activities took place to mark this day. Including a team quiz on adapting materials to meet the needs of disabled people and a news story article telling the organisation about living and working with a disability. The Service also supported IDAHO through flying rainbow flags and displaying supporting banners.

The Service continues to support various festivals; NFRS attended Worksop Pride, Nottingham Pride, Nottingham Mela and Nottingham Caribbean Carnival once again in 2016/17 to engage with hard to reach communities.

In September 2016 NFRS became an accredited living wage employer. By paying the real Living Wage, NFRS are voluntarily taking a stand to ensure their employees can earn a wage which is enough to live on.

Given the Service introduced a new web site, the Service worked with accessibility auditors to make its web content more inclusive to a wider audience particularly people with a range of disabilities and the elderly by ensuring its site meets AA WCAG standards.

A programme of training on diversity issues forms part of the core training prospectus and inclusion forms a key part of our organisational development programme ("[Shaping Our Future](#)"). Respect for others is one of the central principles of [NFRSs core values](#) and is reflected in our expectations of the way that employees conduct themselves and engage with the counties diverse communities.

Framework Requirements

In July 2012 the Department for Communities and Local Government published the current Fire and Rescue National [Framework](#) for England. This document sets out the Government's priorities and objectives for fire and rescue authorities in England. The Framework sets out high level expectations and does not prescribe operational matters. Operational matters are best determined locally by fire and rescue authorities, working in partnership with their communities; local citizens, businesses, civil society organisations and others.

Nottinghamshire Fire and Rescue Service can confirm that the Framework requirements have been met.

Planned Improvements

The Policing and Crime Act 2017 and the enabling legislation allows the Police and Crime Commissioner (PCC) to be represented on fire authorities with their agreement or take over the functions of fire authorities where a local case is made. Nottinghamshire PCC wrote to Chair requesting membership of the Authority and at June 2017 Fire Authority they formally invited him to to attend Combined Fire Authority and all Committee meetings; and allow the PCC to contribute to the debates and discussions that take place at those meetings, although recognising that they do not have the power to vote. They also ask the Clerk to provide a future report to the Authority to consider the request of the PCC to be fully represented on the Fire Authority, when the required amendments to legislation make this possible.

2017-2018 continues to see further development of proposals relating to the way in which the Service will change over the next few years.

The Service is faced with finding further savings of up to approximately £4 million between now and 2020. In addressing this, the Authority approved the recommendations contained within the NFRS [Sustainability Strategy report](#) which

presented proposals, highlighted strategies and sought approval for actions to ensure the Authority is in the best position possible to meet the financial pressures within the anticipated constraints to 2020. The proposals presented included increasing the use of RDS staffing of appliances, emerging technologies to bridge the gap when using smaller crew numbers, alternative crewing models and methods to staff appliances, rather than purely RDS or Wholetime duty systems to ensure appropriate availability of resources relative to demand.

As part of the Light vehicle replacement project we are engaging with Go low, an arm of NCC and are applying for funding to assist with the role out of electrical vehicles. The scheme will provide funding of up to 25K which will assist in placing charging points at strategic sites within the organisation as well as ensuring that these charging points have designated parking bays for the use of electrical vehicles only. The new electric vehicles of which there will be two in 2018/19 with additional vehicles added in 2019/20.

The Service's new SharePoint intranet site 'MyNet' is currently being developed with the full engagement of stakeholders across the organisation. Phase one of this project should be completed by the end of 2017.

Recruitment for wholetime firefighter positions is expected to take place early 2018. This represents a real opportunity to undertake some effective positive action in order to address the workforce diversity issues highlighted at paragraph 2.10. This summer the Service will be participating in Nottingham City Council's 'Tap the Gap' Scheme aimed at young people from BME backgrounds, disabled young people and young people in care.

A regional National Operational Guidance (NOG) team will be set up with the aim to align operational guidance with our regional partners to improve efficiency and effectiveness of Service Delivery. With an aim to improve operational intraoperability and enable efficient collaborative working practises across the five FRSs within the CFOA EM Region: Derbyshire, Leicestershire, Nottinghamshire, Northamptonshire and Lincolnshire FRSs.

The Service continues to plan for the introduction of the new 'Safe and Well Checks' in 2018, an initiative that supports the Health and Wellbeing agenda, with the fire service taking on a broader role when undertaking Home Safety Checks. This will mean that not only will support be given to make someone's home safer from fire, but that the Service may also give out advice such as; fall prevention, winter warmth and home security, or signpost people to other services such as smoking cessation and drug and alcohol interventions.

A schools education package based on the great fire of London will be delivered to all key stage 1 pupils across the county. This new package, aligned to the national curriculum, ensures that safety in the home forms part of the main stream educational program. This early age education serves to start the journey that promotes lifelong safety education through various educational and community safety interventions.

The Organisational Development and Inclusion [Strategy](#) remains a key element of the transformational programme, and will form a major part of the work being carried out by the newly formed transition team. This team will oversee the implementation of the sustainability strategy during 2017/18.

NFRS is developing a new performance framework and is currently running a project to look at the procurement of a business performance management system, with the intention of becoming more intelligence led, utilising data from partners such as health, police and local authorities. There is also an emphasis on providing data in real time and making it more accessible for stakeholders thus improving the transparency of the Service.

The Grenfell enquiry will continue to impact on the Service for a considerable period of time. It is expected that the outcomes of the public enquiry will influence policy and procedures at NFRS especially around Fire Protection.

In 2017 work on NFRS' new IRMP will commence. Developing a new plan based on its Fire Cover Review which was completed in 2015. This will align the Community risk with the resources available to NFRS. There will also be a greater focus on changes at a national level such as; collaboration, resilience and the inspectorate.

Our Community Engagement

How you can become involved

Nottinghamshire and City of Nottingham Fire Authority is a body of 18 elected members (six from the City Council and twelve from the County Council) that exists to supervise and direct the work of the Service and hold it to account to ensure it performs efficiently in the best interests of the community.

Members of the public can get involved with the work of the Fire Authority by attending the public meetings that are held regularly by the Authority and its sub-committees at NFRS headquarters. You can find out more about the [Fire Authority](#), its work and access documents from previous and future meetings via the link. NFRS values the views of the communities we serve to ensure we are providing you the service you need. We consult formally on the ways in which we propose to deliver services – particularly when developing the IRMP, which sets out how we intend to manage the Service for the next five years. More information about NFRS's consultation activities is available [here](#).

Much of the Service's work with the public is done face-to-face by fire fighters and community safety staff, whose aim is to make communities safer. You can see how we do this, find advice on making yourself safer at home, work or play in the county or contact us for more information by visiting our [website](#)

You can also find us on [Facebook](#)

And; on Twitter by searching for: @nottsfire

Access to information

Details regarding our arrangements in respect of [access to data and information](#) can be found on the NFRS website.

How to make a compliment or a complaint

NFRS aims to make it as easy as possible for the people we serve to let us know their views. Through listening and learning we improve the quality of the services we provide, and encourage and recognise good practice by staff.

We want to hear from people if they:

- Have a suggestion on how we might improve services.
- Would like to compliment us on a job well done.
- Feel we have fallen short of their expectations.
- Feel we have fallen short of the standards we set ourselves in dealing with complaints.

There are a number of ways in which you can compliment, comment or complain about our services:

- Email us on enquiries@notts-fire.gov.uk
- Phone us on 0115 967 0880
- In person by calling into one of our stations or headquarters
- By post, to:

Nottinghamshire Fire and Rescue Service
Bestwood Lodge, Arnold, Nottingham NG5 8PD



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

CONSULTATION ON MIXED AND ALTERNATIVE CREWING

Report of the Chief Fire Officer

Date: 22 September 2017

Purpose of Report:

To seek approval from the Authority to publicly consult on Mixed and Alternative Crewing options proposed in February 2016 as part of the Sustainability Strategy for 2020.

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1. BACKGROUND

- 1.1 At the Fire Authority meeting in February 2016, the Chief Fire Officer (CFO) presented the Sustainability Strategy for 2020 (attached at Appendix A for reference) which outlined a number of recommendations to ensure that the Service is positioned to meet the continued financial pressures anticipated to 2020.
- 1.2 These recommendations were approved, with the outcomes to be reported to a future meeting of the Authority to inform decision making. Two of these recommendations were:
 - 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;
 - Explore the use of alternative crewing models and emerging technologies to maximise the availability of appliances where crew numbers are less than four.
- 1.3 In April 2016 Policy and Strategy Committee approved the continual use of the Authority's Consultation Framework. This framework is recognised as best practice and outlines the approach and methods that will be undertaken during periods of consultation.

2. REPORT

- 2.1 The Fire Authority has committed to consult whenever its decisions with regard to the Fire and Rescue Service are likely to have a direct impact on the public. The proposals of mixed and alternative crewing impact on the Services operational response capabilities, therefore it is recommended that the consultation period will be twelve weeks in line with best practice.
- 2.2 The consultation programme will include internal and external elements with quantitative and qualitative elements with an emphasis on 'deliberative' or 'dialogue' methods of consultation, through focus groups and forums which will be supplemented with methods such as; websites, media, social media and questionnaires.
- 2.3 Consultation is planned to commence with immediate effect, subject to approval by the Fire Authority. This ensures that the twelve-week consultation period is completed prior to the Christmas period in line with the Authority's consultation framework, reducing the risk of delay in reporting the outcomes to the Fire Authority.
- 2.4 The outcomes of the consultation will be formally presented to the Fire Authority in February 2018 which will allow Members to consider the

outcomes and inform its decision-making process before implementing any proposals.

- 2.5 NFRS has recently completed a competitive procurement process and has awarded a two-year contract to Opinion Research Services (ORS) for the supply of consultation services to support the Fire Authority around the Sustainability Strategy and the next integrated risk management plan (IRMP), currently being developed.
- 2.6 Following the approval by Members of the Sustainability Strategy for 2020 and subsequent recommendations, the CFO has identified and explored the options, and is recommending the following two proposals, to be consulted upon.

MIXED CREWING

- 2.7 Each wholetime duty system (WDS) appliance is currently crewed continually, 24hrs a day, every day of the year. With reducing demand this has led to some of those appliances responding, on average to less than one call per week during the hours of low demand. With the increased availability of retained duty system (RDS) firefighters at night, it is considered practicable to maintain the same level of resources by flexibly crewing between WDS and RDS firefighters, dependant on the time of day.
- 2.8 The mixed crewing proposal is centred on three main principles:
- A fair weeks' work for a fair weeks' pay;
 - Aligned to current collective agreement and self-rostering provisions;
 - Does not present an imposed duty system.
- 2.9 Officers have identified four stations at which the implementation of a mixed crewing approach could be adopted, due to the current provision of WDS and RDS personnel at these stations.
- Ashfield;
 - Newark;
 - Retford;
 - Worksop.
- 2.10 Having considered the implications, it is not proposed that the Fire Authority include Newark as an option for consultation, specifically with the location of the technical rescue unit and extensive training commitment this requires. It is not deemed practical for an RDS section to deliver such a capability at this point in time, therefore leaving Ashfield, Retford and Worksop for inclusion in the consultation process and implementation at two of the three to deliver the necessary change and financial savings for the Fire Authority.
- 2.11 Each of the three stations currently have two appliances crewed 24/7 by WDS and RDS, under the proposal of mixed crewing both appliances will remain. The effects on crewing for these appliances results in one appliance remaining as RDS crewed for the full 24hr period. The other appliance will

be crewed by WDS firefighters from 0800hrs to 1800hrs and then by RDS firefighters for the remainder of the 24hr period.

- 2.12 The suitability of mixed crewing depends on a number of factors, including the level of risk and incident frequency in each area, as well as RDS availability for each station. The impact on the three station areas will see an increased response time during the hours of 1800hrs to 0800hrs, due to the time taken for RDS personnel to attend station prior to mobilising to the incident, but also aims to improve response with better RDS availability across the whole county by re-investing part of the savings in those areas.
- 2.13 The use of such crewing systems will assist the Service to support an ageing workforce, offering a wider degree of choice for individuals, for example, shifts less than 12 hours, no night working and no reduction in salary.
- 2.14 Following the public consultation process, any implementation of mixed crewing at two of the three stations could generate approximately £1 million of savings, without the need for redundancies.
- 2.15 NFRS plans to reinvest a proportion of these savings to provide support for RDS appliance availability across all RDS sections and additional managerial support at the supervisory level.

ALTERNATIVE CREWING

- 2.16 Currently RDS appliances are mobilised to all incident types consisting of a maximum crew of six or a minimum crew of four. Current Service policy states that where a RDS appliance has fewer than four crew members available it is unable to respond to any type of incident, irrespective of the scale or location. This appliance will remain unavailable until the current minimum crew number (four) are available. During this time, the next nearest available appliance will be mobilised.
- 2.17 The alternative crewing proposal affects all sixteen RDS stations, and would allow the Service to mobilise with crews less than four to certain incident types. This crewing model offers a more efficient use of RDS appliances. It also has the potential to improve RDS availability at times of peak demand, reduce the time taken to attend incidents and provide an improved service to the communities of Nottinghamshire.
- 2.18 Alternative crewing is balanced against risks and benefits with specific criteria and control measures to ensure the safety of staff.
- 2.19 Alternative crewing may result in the initial mobilising of an appliance with crews less than four to incident types requiring a greater level of resources, if they are the nearest appliance to the incident. In this case crews less than four will carry out activities in preparation for the arrival of further resources.

NEXT STEPS

- 2.20 As part of the consultation process the two proposals will be supported by detailed analysis to ensure effective consultation enabling the communities of Nottinghamshire to make informed responses. Consultation on both proposals will run simultaneously.
- 2.21 Consultation will run for 12 weeks and conclude in December to enable reports on the outcomes and options to be presented to the Fire Authority in February 2018.

3. FINANCIAL IMPLICATIONS

- 3.1 The Authority's sustainability strategy and efficiency plan identified the need to consider operational resources to contribute towards the required savings of either £1.7 or £2.1m depending on what the Authority decide in respect of the precept.
- 3.2 A budget is already set aside for public consultation activities and the costs associated with mixed and alternative crewing consultation will be met within this existing budget.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

The consultation work will predominantly be undertaken 'in-house' supported by ORS with facilitation and reporting of the outcomes of consultation to the Fire Authority.

5. EQUALITIES IMPLICATIONS

Any consultation process and strategy will need to demonstrate that the Authority has engaged with all sections of the community. Consultation exercises will be developed to be as accessible to, and targeted at, those people who are affected by decisions and for whom the consultation is intended to reach.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

The duty to consult the public is contained within the National Framework which is issued under Part 3, Section 21 of the Fire and Rescue Services Act 2004. Although this specifically relates to IRMP, effective consultation will serve to demonstrate accountability to communities.

8. RISK MANAGEMENT IMPLICATIONS

Effective consultation mitigates risk to the Authority in a number of ways, but specifically demonstrates to the Secretary of State accountability and engagement with the community, thus removing the risk of Ministerial intervention, and also reduces the risk of legal challenge, such as judicial review, over any proposals and changes the Authority may make as a result of consultation.

9. COLLABORATION IMPLICATIONS

Public consultation can often be complicated and emotive activity, this has required the engagement of ORS and this collaboration with an external partner will ensure the Authority delivers a competent, targeted and proportionate consultation process.

10. RECOMMENDATIONS

That Members approve to publicly consult on the Mixed and Alternative Crewing options as detailed in the body of the report.

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

None.

John Buckley
CHIEF FIRE OFFICER



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

SUSTAINABILITY STRATEGY FOR 2020

Report of the Chief Fire Officer

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.

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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 wholetime 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 wholetime 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 wholetime and retained fire fighters dependant on the time of day.
- 2.10 The changes to the distribution of wholetime 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 wholetime 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 wholetime 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

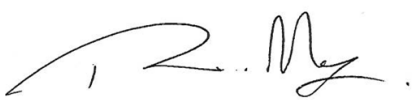
Emergency services play an essential part in serving our communities and keeping them safe. Whilst the police, fire and rescue and NHS ambulance services all have distinct frontline roles, it is clear that close collaboration between them can provide real benefits for the public and help each service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

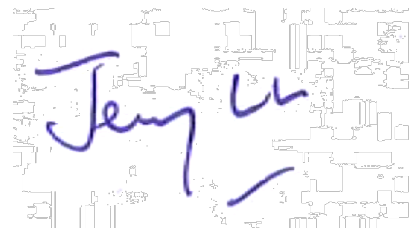
There are clear opportunities for collaboration to go further and faster. The Government intends to legislate to enable local communities to drive forward joint working in their area, improving the services delivered to the public as well as providing direct local accountability by enabling Police and 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 paper¹ 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.

¹ 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 effectiveness² 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 report³, 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.

² 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.

³ 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 Knight⁴ 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'⁵ 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?

⁴ Facing the Future by Sir Ken Knight, 2013

⁵ 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 Volunteers⁶. 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.

⁶ 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)⁷, 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.

⁷ <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 are 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.

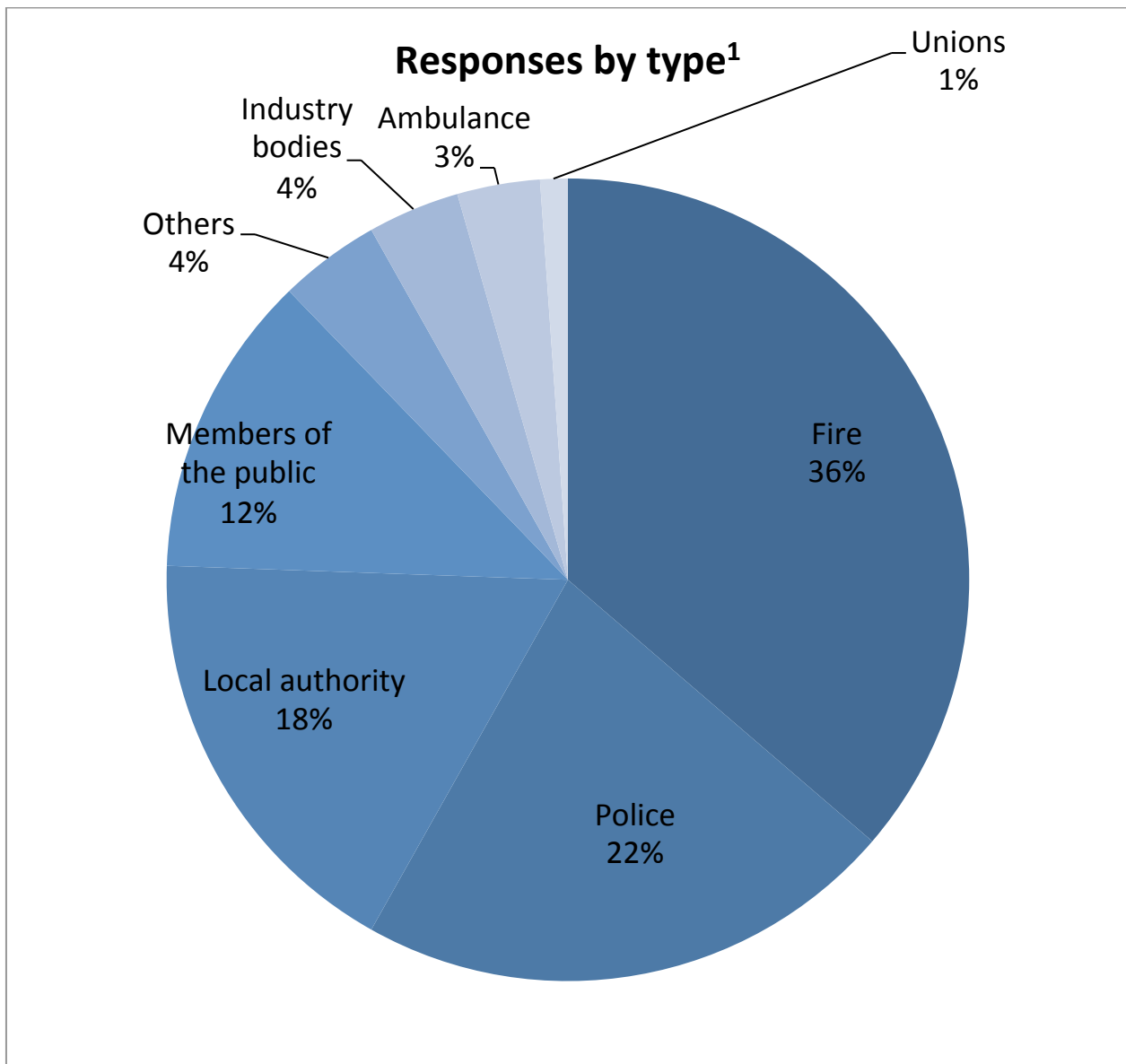
The Government's position is that the proposals consulted upon are enabling, meaning that the details will be developed at a local level. PCCs and fire and rescue authorities are also subject to the Equality Act 2010 and the obligations under that Act will apply to them in relation to specific proposals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



¹ 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

REALIGNMENT OF OPERATIONAL RESOURCES

Report of the Chief Fire Officer

Date: 22 September 2017

Purpose of Report:

To recommend to Members the realignment of operational staff numbers to match the crewing requirements following previously agreed changes to the operational cover.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 Members received reports in 2014 and 2015 regarding the future financial position and following consultation tasked the Chief Fire Officer (CFO) with the reduction of operational fire appliances and the reintegration of standalone Specialist Rescue Teams (SRT) to traditional watches within the operational establishment.
- 1.2 The reports detailing the proposals made reference to the fact that there would be an 'over-capacity' in the wholetime operational establishment which would support the transition to the new ways of working.
- 1.3 The changes, including the removal of 2 wholetime appliances and reintegration of SRT to traditional watches have been in place for some time and are now well embedded. The CFO is confident that the current levels of activity and performance have enabled the Service to assess the impact of the changes and can therefore provide assurance to Members that the changes have not had an adverse impact on service delivery or effectiveness.
- 1.4 The Authority approved recommendations in the Sustainability Strategy for 2020 report in February 2016 which asked the CFO to 'release surplus capacity within the ridership'. This report provides details on how this can be achieved.

2. REPORT

- 2.1 Members will be aware that the wholetime workforce operate under the contractual terms within a 'collective agreement for the rostering of staff'. This agreement was put in place in 2009 and despite changes to service delivery has remained unaltered. The collective agreement details a number of two pump and one pump wholetime stations and SRT. It then goes on to detail the required numbers of personnel to adequately crew the pumps and SRT.
- 2.2 As the collective agreement no longer reflects the current working arrangements, it is prudent to revise the numbers of staff in the wholetime establishment to realign them with actual operational requirements. This approach will assist with the achievement of efficiencies as planned, as the establishment can be reduced without redundancy or any impact upon the terms and conditions of those staff who will remain within the current collective agreement.
- 2.3 Changes to the Service's delivery model since 2010 have contributed to this overcapacity in the wholetime ridership. In real terms, this means that 16 vacant firefighter posts may be removed from the current establishment without affecting the optimum capacity required to continue to support the current annualised hours and self-rostering principles, and maintain the

current level of operational cover and crewing. This position was also recognised in a joint statement issued by the Service and Fire Brigades Union in December 2016.

- 2.4 The proposal to remove 16 vacant firefighter posts from the establishment will contribute in the region of £590,000 to the necessary savings required within the sustainability strategy for 2020.
- 2.5 If approved, consultation with staff and their representative bodies on implementation will commence, with an expectation that the changes will be in place by January 2018.

3. FINANCIAL IMPLICATIONS

- 3.1 A reduction of 16 vacant posts from the wholetime establishment will realise an ongoing pay budget saving of £590k. This saving is based on July 2016 pay rates and includes employer's national insurance contributions and contributions to the 2015 Firefighters' Pension Scheme. The 2017/18 revenue budget already includes temporary wholetime pay savings of £673k, so the deletion of these vacant posts will allow for £590k of these temporary savings to be made permanent.
- 3.2 The Authority's sustainability strategy and efficiency plan identified the need to consider operational resources to contribute towards the required savings of either £1.7 or £2.1m depending on what the Authority decide in respect of the precept.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

- 4.1 The Service has robust and tested policies and procedures relating to the removal of posts and transfer of staff. These have been used to good effect with positive feedback from staff and representative bodies.
- 4.2 Whilst there are no redundancy implications or changes to employee terms and conditions, full consultation will take place with the workforce regarding implementation.
- 4.3 Due to the anticipated annual turnover of staff, as reported to the July 2017 HR Committee in the workforce plan, no staff will be at risk of redundancy, only vacant posts will be deleted.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because there are no changes to policy, procedure or the working arrangements of staff as a result of this proposal.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising as a result of this recommendation.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 The risk exists that the Authority cannot meet its financial efficiency programme if these vacant posts are not deleted as part of the wide-reaching sustainability strategy for 2020.
- 8.2 If these efficiencies are not realised the Authority will need to make efficiencies elsewhere within the Service and it is unlikely that any other area of the Service can release this amount of efficiency without a reduction in effectiveness. Therefore, maintaining this overcapacity could raise questions regarding value for money.
- 8.3 The Authority will be subject to inspection in the next few years. The first areas of inspection include efficiency. Not realising this efficiency is likely to be highlighted for consideration by Her Majesty's Inspectorate of Constabularies Fire and Rescue Service particularly considering that it will have no impact on service delivery, public safety or firefighter safety.

9. COLLABORATION IMPLICATIONS

There are no direct collaboration opportunities arising as a result of this proposal as it is a realignment of resource levels to meet current and anticipated demand.

10. RECOMMENDATIONS

That Members agree to delete 16 vacant firefighter posts from the operational establishment.

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

None.

John Buckley
CHIEF FIRE OFFICER

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NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

COLLABORATION STRATEGY

Report of the Chief Fire Officer

Date: 22 September 2017

Purpose of Report:

To seek approval from Members for the introduction of a Collaboration Strategy to develop existing arrangements and activities.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 Nottinghamshire Fire and Rescue Service (NFRS) has extensive experience of working in collaboration with a wide range of partners. Members will be aware of the update given to the Policy and Strategy Committee in February 2017 on current areas of collaboration for NFRS.
- 1.2 The Policing and Crime Act 2017 places a statutory requirement on the Service to consider collaboration agreements with other emergency services where it would be in the interests of efficiency and effectiveness. As a result, the Police and Crime Commissioner (PCC) is now invited to attend and contribute to all meetings of the Authority.
- 1.3 Government Ministers have given clear direction on how they propose to implement reform within the sector. They have set out three key areas where they expect to see improvements:
 - Accountability and transparency;
 - Efficiency and collaboration;
 - Workforce reform.
- 1.4 Austerity within public sector finances has been an issue over previous years and is likely to continue for some time increasing the need to make further budgetary savings.
- 1.5 The newly formed Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) will be undertaking inspections, and have already indicated that a key area of focus will be collaboration activities.

2. REPORT

- 2.1 The new statutory duty placed on NFRS by the Policing and Crime Act 2017 (The Act) provides a requirement to continually consider collaboration opportunities with other emergency services.
- 2.2 This report proposes the adoption of the attached overarching Collaboration Strategy (Appendix A) as a generic template that can be tailored for any preferred partners where collaboration has the potential to add public value.
- 2.3 The strategy will enable the collaboration that already exists with Nottinghamshire Police, East Midlands Ambulance Service, and Derbyshire and Leicestershire Fire and Rescue Services to be developed, and provides legitimacy, clear structure and governance to the work of both Members and Officers.
- 2.4 The Act reinforces the need to work with other emergency services, however the strategy will also be applicable to other organisations across the wider public sector.

STRUCTURE

- 2.5 The strategy proposes the formation of a Strategic Collaboration Board with each partner organisation, consisting of Members and Principal Officers that will provide scrutiny and direction to facilitate collaboration. This in turn will receive regular update reports from the Collaboration Delivery Board on progress against key objectives. The Delivery Board will directly oversee the activity of the working groups on specific areas of collaboration.
- 2.6 The Strategic Collaboration Board will report on progress to the Fire Authority on a regular basis, ensuring that the appropriate governance and decision making processes are maintained utilising the well-established authority and committee structures in place.
- 2.7 A joint Terms of Reference document will be developed with individual collaborative partners which will agree the scope and governance arrangements appropriate in each individual circumstance.
- 2.8 The strategy includes periodic reviews after 6 months by the Strategic Collaboration Board to ensure that the structure is delivering real benefits of collaboration and focus on public value.

BENEFITS OF COLLABORATION

- 2.9 The Act states that collaboration should be considered when it improves the effectiveness and efficiency of at least one Service. The benefits that NFRS strive to achieve will be wider than just these two elements, with a clear focus on delivering positive community outcomes.
- 2.10 Increasing public safety and making the organisation more resilient to sustain the delivery of public services through collaboration will also be a theme within future business cases.
- 2.11 Collaboration is a specific section within the current Derbyshire Fire and Rescue Service integrated risk management plan (IRMP) and this Authority has responded positively to explore areas of collaboration and is seen as having potential to deliver benefits.
- 2.12 NFRS has engaged with Nottinghamshire Police around collaboration and some sharing of estate has already commenced, however scoping work has been undertaken to identify further opportunities.
- 2.13 The Assistant Chief Fire Officer and the Deputy Chief Constable held discussions around initial areas of collaboration between the two organisations. These have included:
 - Shared estates;
 - Organisational performance;

- Resilience and emergency planning;
- Learning and development;
- Joint prevention activities.

- 2.14 To develop and increase the pace of collaboration with Nottingham Police, attached at Appendix B is the proposed structure in line with the expectations of the Collaboration Strategy. This clearly shows the high level of commitment and scrutiny applied to the critical areas of work. As the work streams develop, reports will be presented to the Authority for consideration.
- 2.15 As the initial areas are developed, the strategy will seek to be ambitious and over time will span the whole organisation, as such, Officers will need to develop organisational capacity to ensure this ambition is delivered. It is envisaged that as the new IRMP is developed, collaboration will form a central element and Members will be actively engaged in that process.
- 2.16 It is vital within any change process that the respective workforces and the wider communities are regularly informed about any proposed changes to the way that services are delivered. A joint communications plan is currently being developed with Nottinghamshire Police to ensure timely and consistent information is disseminated.

3. FINANCIAL IMPLICATIONS

- 3.1 Members will be aware that in February 2016 the Authority approved the Sustainability Strategy 2020. This identified that collaboration would be one element contributing to the financial savings required by the Authority.
- 3.2 Collaboration with key partner organisations has the potential to produce financial savings for the Authority, forming part of future business cases presented to the Authority for consideration.
- 3.3 An earmarked reserve to support the organisational transitional arrangements is already in place and will be used to support collaboration activities. Officers will also pursue opportunities for transformational funding with partners that may be available from central government to further support this area of work.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

Collaboration activities will be co-ordinated by the Area Manager, Strategic Support and the existing Shaping our Future Team. Any additional resources required for project support will be managed under the normal human resources policy arrangements for the Service.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because it will be included in any future business cases that are proposed

6. CRIME AND DISORDER IMPLICATIONS

Collaboration has potential to expand NFRS's ability to discharge its function under the Crime and Disorder Act by providing greater opportunities to share information, deliver community services and improve outcomes.

7. LEGAL IMPLICATIONS

- 7.1 NFRS has a statutory duty under the Policing and Crime Act 2017 to consider collaboration with other emergency services to improve efficiency and effectiveness. The structure outlined within this report would allow collaboration opportunities to be considered and demonstrate the Authority's clear commitment to collaboration and transparency
- 7.2 The Local Government Act 1999 places a statutory duty on NFRS to *'secure continuous improvement in the way in which its functions are exercised'*. Collaboration has the potential to allow NFRS to secure improvements in the way that functions are delivered.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1. Gaining Authority approval to introduce the attached strategy will enable Officers to work within an agreed framework that not only satisfies statutory requirements for collaboration, but builds upon the focus for positive community outcomes by how the Service delivers public services and adding public value.
- 8.2 Collaboration will require commitment from all partners in building vision and trust, but will also require resources to be committed over a sustained period. Officers will ensure those resources are identified and managed through the corporate risk register, specifically in relation to project and programme governance.

9. COLLABORATION IMPLICATIONS

This report highlights the statutory duty placed on the Authority to consider collaboration and proposes a strategy to ensure those duties can be delivered effectively.

10. RECOMMENDATIONS

That Members adopt the proposed Collaboration Strategy.

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

None.

John Buckley
CHIEF FIRE OFFICER

Collaboration Strategy



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Appendix A Nottinghamshire Fire and Rescue Service Collaboration Route Map

Definition of Collaboration

“Collaboration is a working practice whereby individuals work together to a common purpose”

Minister for Policing and the Fire Service, fire reform speech-

“Collaboration presents a real opportunity for emergency services to increase their efficiency and effectiveness, ultimately improving the service that is delivering to the public, to see better outcomes”.

Fire Protection Association Sector Summit October 2016

Introduction

Nottinghamshire Fire and Rescue Service (NFRS) aims to create safer communities throughout the City and County keeping the people in Nottinghamshire safe by responding to incidents professionally and as quick as possible. We ensure that we deliver our preventative and protection activities to our most valuable in our communities.

Collaborating with others to ensure resources are providing best value and minimising risk to the communities of Nottinghamshire must be a key priority. Working with others in collaboration does present challenges, therefore NFRS will only work collaboratively when in the public interest.

To ensure collaboration is in the public interest, NFRS will work within this collaboration strategy and a collaboration framework to provide confidence and assurance to any future collaborative workings.

NFRS have always collaborated with our partners in the emergency services. We are committed to exploring future collaboration for the benefit of the public safety and to ensure we remain a resilient organisation.

Purpose and Intention

This document outlines our collaborative intention for how we will work with a wide range of partners, placing great emphasis on selecting the right partners in order to best serve our Communities. This will assist us in closing any risk gaps that exist both operationally and financially. It provides the high-level framework and principles within which NFRS can assess, progress and review collaboration activities.

Intention: NFRS will seek opportunities to collaborate with partners that enable us to sustainably enhance our effectiveness to deliver Safer Communities within Nottinghamshire.

Why we should collaborate

There are numerous drivers for collaboration, both internal and external to NFRS, these can directly or indirectly benefit the way we deliver our services. Importantly the decision to collaborate must be more than the drive to realise financial benefits, the focus of any collaboration should be the ability to add value to the Communities of Nottinghamshire. The benefits of collaboration can broadly fall into the following themes:

- **Increased effectiveness:** Working with others will enable us to deliver the services our communities need in a timeframe they want. Collaboration has the potential to increase our capacity by gaining access to a broader range of skills, resources and information, increasing our ability to deliver improved services and becoming more resilient as a Service
- **Greater efficiency:** In many cases collaboration can drive a reduction in bureaucracy between different services, enabling those services to concentrate on delivering high quality services to their communities.
- **Improved value:** The catalyst for many collaborative approaches is the desire to deliver improved value and cost savings to the tax payer, via cost avoidance and cashable savings. Collaborating with others may increase bargaining power, access to specialist skills and experience to drive down costs, including resource assets, reduce duplication and ensures efficient use of resources.
- **Improved Public safety:** Collaboration may result in the further sharing of buildings, information and staff. The net result of these change can contribute to our shared vision
- **More resilient organisation:** Working together with other Services and organisations may result in NFRS becoming more resilient in the event of spate conditions and other events which affect business continuity.

In addition, following the Government's consultation 'Enabling Closer Working Between The Emergency Services', the Police and Crime Act 2017, '*places a duty on Emergency Services in England to consider whether entering into a collaboration agreement with one or more other emergency services could be in the interest of efficiency and effectiveness*', this places a clear expectation on NFRS.

Collaboration Principles

Importantly the benefits of collaboration must enhance our ability to deliver NFRS's Corporate objectives, as stated in the Services Integrated Risk Management Plan. NFRS will use the following three guiding principles to form the cornerstones for any collaborative arrangements entered into:

- **Deliver high quality services:** We will place an emphasis on collaboration that enhances NFRS ability to deliver high quality services to the communities of Nottinghamshire.
- **Have strong governance and financial stability:** All collaborations will have clear objectives and benefits. These benefits may be in terms of both operational and financial. A long-term view will be taken when collaborative activities provide long-term sustainable solutions. Governance structures and arrangements will support the Authority's principles of good governance: openness, inclusivity, integrity and accountability.
- **Maintain an engaged and motivated workforce:** At the core of any collaboration will be our workforce, working practices and process will be designed and delivered by the workforce, taking into consideration workforce expertise and experience. NFRS will lead our workforce through the journey of collaboration, engaging and being sensitive to their needs, whilst creating an innovative environment in which all employees feel engaged.

Collaboration Commitments

When working in a collaboration, NFRS will commit to the following behaviours:

‘To act and promote the Service’s values, underpinning our behaviours, to create a positive and achieving culture’. NFRS values are:

- We are open to change
 - We are professional in all we do
 - We value and respect others
 - We are One Team working together.
- To remain open minded about collaborative opportunities, focusing on what makes the difference to the public.
 - Appreciate and respect the differences between collaborating organisations.
 - Focus on the benefits of collaborations, accepting that in some circumstances the benefits may favour other organisations more directly but overall the positive impact for our communities is accomplished.
 - To communicate effectively with stakeholders at all stages throughout.
 - We will work to build trust amongst partners to help empower joint, agile and flexible ways of working.

Preferred Partners

NFRS are open to collaborate with others for the benefit of the communities of Nottinghamshire. NFRS will remain open around who it collaborates with and will not limit itself to its traditional partners. Naturally NFRS core work, creating safer communities in Nottinghamshire and values align with specific partners, primarily other blue light emergency services within the geographical borders or bordering Nottinghamshire.

Whilst working with other blue light emergency services has its benefits, NFRS will strive to work with other partners / agencies that enable NFRS to deliver a more effective and efficient Service.

Governance and Structure

Nottinghamshire and City of Nottingham Fire and Rescue Authority and its Officers are committed to ensuring that it has an excellent system of corporate governance. The Authority embraces the principles of good governance: openness, inclusivity, integrity and accountability.

Decision making will be informed by recommendations that are underpinned by an analysis of the operational, organisational and financial risk, threats and opportunities that exist. Governance and support structures will achieve flexibility and timely decision making. The Governance structures will ensure that accountability is maintained.

The collaboration governance structure is detailed below –



A Strategic Collaboration Board (SCB) would provide the scrutiny and strategic direction to facilitate collaboration with other key partners.

This in turn would receive regular update reports from the Collaboration Delivery Board (CDB) on collaboration work streams.

The CDB would directly oversee the `task and finish` project teams who are working on specific areas of collaboration.

The SCB will report on progress to the Fire Authority on regular basis.

Collaboration Framework

To ensure effective collaborations are created and are sustainable in the longer term NFRS will adhere to its collaboration framework. The Collaboration Route Map (Appendix A) within the framework aims to provide a consistent approach in assurance and delivery of collaboration projects. This will ensure that effective and crucial assessments of both risks and benefits are carried out for collaborative partnership.

Having a range of choices, including not collaborating, provides flexibility and allows a proper assessment to be undertaken as to who provides the better option for the NFRS and more importantly the public.

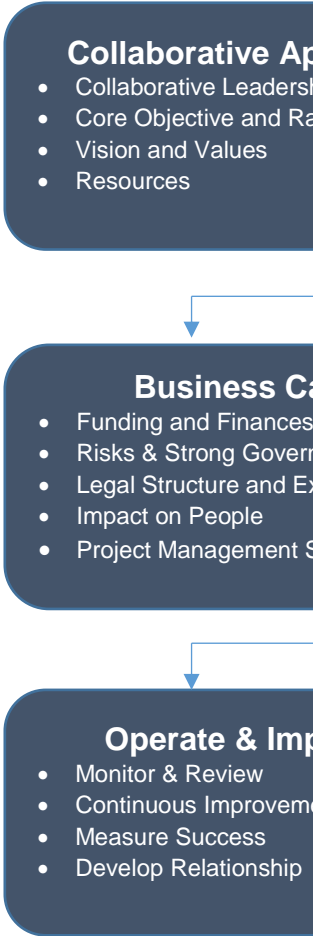
All opportunities will undergo robust assessment and must have clear and realistic benefits and outcomes which align to the Services objectives. NFRS will focus resources on areas that bring the biggest benefits either strategically, improve performance or financially. This will allow us to limit the amount of collaborative change to ensure the NFRS can maintain core business.

Performance and Monitoring

Each collaboration arrangement will be developed, monitored and maintained with a supporting assessment and performance matrix.

This will ensure that regular updates on progress and viability are reported through identified internal governance structures to the Fire Authority. The relationship between partners can then grow, whilst providing an assessment of the collaboration effectiveness.

Nottinghamshire Fire and Rescue Service Collaboration Route Map



PROPOSED GOVERNANCE STRUCTURE FOR COLLABORATION WITH NOTTINGHAMSHIRE POLICE



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NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

IMPACT OF ANNUAL ALLOWANCE CHANGES / JOINT ADMINISTRATION AND COMMUNICATIONS STRATEGY (SLA)

Report of the Chief Fire Officer

Date: 22 September 2017

Purpose of Report:

To update Members on the changes to the annual allowance and to seek approval for the discretion to use Voluntary Scheme Pays for scheme members and the introduction of the Firefighter's Pension Scheme Joint Administration and Communications Strategy (SLA).

CONTACT OFFICER

Name : Simon Allsop temporary Scheme Manager, Nottinghamshire Fire Pension Scheme

Tel : 07768 553955

Email : sallsop@derbys-fire.gov.uk

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

1. BACKGROUND

- 1.1 Following a national review of pensions, the Public Services Pensions Act 2013 required the Authority to set up a Local Pension Board. The Board is responsible for assisting the Scheme Manager in ensuring the effective governance and administration of the Firefighter Pension Schemes.
- 1.2 The Pension Section has a statutory duty to write to scheme members who breach the annual allowance by 6 October each year – eg: 2016/17 breaches will be written to by 6 October 2017.
- 1.3 The Pension Regulator's Code of Practice outlines that a pension administration strategy should be introduced by public pension schemes setting out how that scheme is to be administered.
- 1.4 Leicestershire County Council (LCC) provide administration services for the firefighter pension schemes. In line with the Pension Regulator's Code of Practice the Pension Administrator has drafted an Administration and Communications Strategy in conjunction with Nottinghamshire, Derbyshire, and Leicestershire Fire and Rescue Services.
- 1.5 The Strategy sets out expectations in terms of quality and performance standards to improve efficiency and ensure good value for money. The Local Firefighter Pension Board considered both of these issues at its meeting on the 14 June 2017.

2. REPORT

ANNUAL ALLOWANCE – MANDATORY SCHEME PAYS

- 2.1 The annual allowance is the annual limit on pension savings that a scheme member can make in each year which will receive tax relief. If the value of pension benefit grows by more than this allowance, then the excess amount may become subject to a tax charge. Currently the annual allowance is £40,000.
- 2.2 The Pension Section has a statutory duty to write to scheme members who breach the annual allowance by 6 October each year – eg: 2016/17 breaches will be written to by 6 October 2017.
- 2.3 Scheme members who breach the annual allowance have options to pay the tax charge under the mandatory scheme pays rules. The options are set out below:
 - Make payment of the tax directly to HMRC; or
 - For tax charges over £2,000 opt for mandatory scheme pay. This means the Pension Fund pays the tax on the member's behalf, but then reduces

the member's future pension benefits. This is known as the "annual allowance debit";

- For tax charges under £2,000 the member has to make payment to HMRC directly.

TAPER ANNUAL ALLOWANCE – VOLUNTARY SCHEME PAYS

2.4 In tax year 2016/17 HMRC introduced a new annual allowance, this is known as the tapered annual allowance, and is aimed at higher earners. Scheme members with annual income (includes salary and other sources of income eg: rent) above £150,000 have their annual allowance reduced by £1 for each £2 they earn above £150,000. The maximum reduction is £30,000, which means that people with annual income of £210,000 or above have an annual allowance reduced from £40,000 to only £10,000.

2.5 Scheme members who breach the tapered annual allowance have options to pay the tax charge under the voluntary scheme pays rules:

- Make payment of the tax directly to HMRC; or
- Opt for mandatory scheme pays for the non-tapered breach;
- But the member cannot request voluntary scheme pays on the tapered breach unless the Pension Fund administrator allows this.

2.6 This change has added additional complexity to an already complex area of pension taxation. To try and simplify the process and to assist scheme members with a tapered annual allowance breach, it is proposed that the Nottinghamshire Pension Fund allows voluntary scheme pays but only in the circumstances shown below;

- If the total tax charge is over £2,000. If the total tax charge is under £2,000 the member will have to pay the tax to HMRC directly (as they do under mandatory scheme pays);
- If the tapered breach is from the member's own Nottinghamshire Pension Fund Scheme benefits. If the tax charge is due to other pension benefits the member has elsewhere, then voluntary scheme pays is not available.

2.7 If the Nottinghamshire Pension Fund did not allow voluntary scheme pays, some higher earners with a tapered annual allowance breach could incur significant tax charges that would have to be paid directly to HMRC. Derbyshire and Leicestershire are also seeking approval from their Authorities to apply voluntary scheme pays discretions.

2.8 HMRC have also introduced different timelines for payment of the tax charges between mandatory and voluntary scheme pays. This adds further complexity so it is proposed that the Nottinghamshire Fund deals with all breaches using the earlier of the two deadlines, this being the voluntary scheme pays. There is no cost to the Authority from either the mandatory or voluntary scheme pays options as the tax charge is recovered from the individual on payment of pension.

ADMINISTRATION AND COMMUNICATIONS STRATEGY

- 2.9 The administration and communication strategy is designed as a framework document which can assist with the delivery of a high-quality administration service to the scheme member and other interested parties. A copy of the Strategy is attached to this report at Appendix A.
- 2.10 The joint strategy sets out the quality and performance standards expected of Leicestershire County Council in its role as the administering authority as well as those of the Nottinghamshire, Derbyshire and Leicestershire Fire Authorities.
- 2.11 The Strategy seeks to promote effective working relationships and improve efficiency by promoting consistent approaches of administration and promote value for money for the Fire Authorities
- 2.12 The Strategy covers the following areas:
- The procedures in place for liaison and communication with the Fire Authorities;
 - The establishment of levels of performance which LCC and the Fire Authorities are expected to achieve in carrying out their functions by the setting of performance targets and the making of agreements about levels of performance and associated matters;
 - Procedures which aim to secure that LCC and the Fire Authorities comply with the statutory requirements in respect of those functions and with any agreement about levels of performance;
 - Procedures for improving the communication by LCC and the Fire Authorities of information relating to those functions.
- 2.13 The Strategy sets out that LCC will work closely with the Fire Authorities to ensure compliance with all statutory requirements and to seek service improvement. This will be measured through a formal audit process, performance monitoring, communication with the Fire Service and through the exchange of information at regional pension meetings.

3. FINANCIAL IMPLICATIONS

The financial implications are set out in full within this report

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

The Human Resources Department is fully involved in pension issues to ensure that any human resource implications are taken into account.

5. EQUALITIES IMPLICATIONS

There are no equality implications arising from this report

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report

7. LEGAL IMPLICATIONS

There are no legal implications arising directly from this report

8. RISK MANAGEMENT IMPLICATIONS

The Administration and Communications Strategy is a tool which can be used to support the efficient and effective administration of the fire pension schemes. This will help to manage any risks associated with process failure or claims of maladministration.

9. COLLABORATION IMPLICATIONS

Leicestershire County Council administer the Fire Pensions for Nottinghamshire, Leicestershire and Derbyshire Fire and Rescue Services. The Administration and Communications Strategy has been drawn up on a regional basis in conjunction with all three Services.

10. RECOMMENDATIONS

It is recommended that Members approve:

- 10.1 The discretion to use Voluntary Scheme Pays for affected members of the Pension Scheme.
- 10.2 The introduction of the Firefighters Pension Scheme Joint Administration and Communication Strategy (SLA).

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

None.

John Buckley
CHIEF FIRE OFFICER

**LEICESTER, LEICESTERSHIRE & RUTLAND
COMBINED FIRE AUTHORITY**



Derbyshire
Fire & Rescue Service
Making Derbyshire Safer



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Fire-fighters Pension Scheme
Joint Administration and Communication
Strategy (SLA)

Sections

- 1. Administration Strategy**
- 2. Communication Strategy**
- 3. Performance Targets**
- 4. Service Level Agreements**

This document details two strategies, the administration and communication strategies for the Fire-fighters Pension Scheme for Leicestershire, Derbyshire and Nottinghamshire Fire authorities.

It also details the Pension Section performance targets and service level agreement for the Fire Authorities.

SECTION 1

ADMINISTRATION STRATEGY

INTRODUCTION

An administration strategy is seen as one of the tools which can help in delivering a high quality administration service to the scheme member and other interested parties. Delivery of a high quality administration service is not the responsibility of one person or organisation, but is rather the joint working of a number of different parties.

This is the proposed pension administration strategy statement of the Fire-fighters Pension Scheme for Leicestershire, Derbyshire and Nottinghamshire Fire Authorities, administered by Leicestershire County Council (LCC). The Fire Authorities will be consulted on regarding this document before the final version is prepared.

The aim of this strategy statement is to set out the quality and performance standards expected of Leicestershire County Council in its role of administering authority, as well as the Fire Authorities. It seeks to promote good working relationships, improve efficiency by promoting consistent approaches of administration and provide good value for money for the Fire Authorities.

IMPLEMENTATION

The Pension Section proposes for this strategy to the Fire Authorities from 1 April 2017. This strategy statement sets out the expected levels of performance of LCC and the Fire Authorities, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

Any enquiries in relation to this pension administration strategy statement should be sent to:

Ian Howe - Pension Manager

Leicestershire County Council Pension Fund

County Hall

Glenfield

Leicester LE3 8RB

ian.howe@leics.gov.uk

Telephone: 0116 305 6945

FRAMEWORK

The Administration Strategy covers.

- Procedures for liaison and communication with the relevant Fire Authorities.
- The establishment of levels of performance which LCC and the Fire Authorities are expected to achieve in carrying out their functions by-
 - (i) the setting of performance targets;
 - (ii) the making of agreements about levels of performance and associated matters;
or
 - (iii) such other means as LCC consider appropriate;
- Procedures which aim to secure that LCC and the Fire Authorities comply with the statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication by LCC and the Fire Authorities of information relating to those functions.
- Such other matters as appear to LCC to be suitable for inclusion in that strategy.

In preparing or revising the pension administration strategy, LCC will consult with the Fire Authorities.

Fire-fighters Local Pension Boards

Pension governance rules introduced Pension Boards from April 2015.

Each Fire Authority is required to have a Local Pension Board with trained members. Training for members should be provided by the Fire Authorities, LCC Pension Section, the LGA and external providers as required. However, members should complete The Pensions Regulator knowledge and understanding public service tool kit to ensure they have the necessary knowledge and understanding to fulfil their role on the Board.

Each Fire Authority needs to establish its own Local Board and the governance arrangements of their Board.

There may be potential for a joint East Midlands Fire-fighters Pension Board, replacing the three Local Boards, should a successful bid be accepted by DCLG.

RESPONSIBILITIES AND PROCEDURES

PROCEDURES FOR LIAISON AND COMMUNICATION WITH THE FIRE AUTHORITIES

The delivery of a high quality administration service is the responsibility of LCC and the Fire Authorities.

This strategy statement is being developed with consultation with the Fire Authorities. It takes account of scheme employers' current pension knowledge, perception of current administration standards, position of the new scheme changes and specific training needs to ensure the level of service can be delivered to the required standard.

Internal standards

LCC and the Fire Authorities will ensure that all functions/tasks are carried out to agreed quality standards. In this respect the standards to be met are:

work to be completed in the required format and/or on the appropriate forms;

information to be legible and accurate;

communications to be in a plain language style

information provided to be checked for accuracy by an appropriately trained member of staff;

information provided to be authorised by an agreed signatory; and

actions carried out, or information provided, within the timescales set out in this strategy document.

PROCEDURES FOR ENSURING COMPLIANCE WITH STATUTORY REQUIREMENTS AND LEVELS OF PERFORMANCE

Ensuring compliance is the responsibility of LCC and the Fire Authorities. We will work closely with the Fire Authorities to ensure compliance with all statutory requirements, whether they are specifically referenced in the Regulations, in overriding legislation, or in this Administration Strategy. We will also work with the Fire Authorities to ensure that overall quality and timeliness is continually improved. Various means will be employed, in order to ensure such compliance and service improvement, seeking views from as wide an audience as possible. These include:

Audit

It is proposed that LCC internal audit will provide assurance to the Local Pension Boards by auditing LCC's pension administration for all three Fire authorities.

Any subsequent recommendations made will be considered by LCC Pensions and where appropriate duly implemented (following discussions with the Fire Authorities where necessary).

Performance monitoring

The Fire Authorities will monitor administration performance against specific tasks set out in the service level agreement and may choose to provide the information to their Local Pension Board on a quarterly basis.

LCC will monitor its own performance in carrying out its responsibilities in relation to the scheme.

Employer liaison meetings

Quarterly meetings will take place with representatives of the Fire Authorities and LCC to monitor and review performance against targets, the quality of information exchange and ensure compliance with statutory obligations.

Employer liaison

Each Fire Authority will designate a named individual to act as a scheme liaison officer; being the main contact with regard to any aspect of administering the Fire-fighters pension scheme. Similarly, LCC will designate named individuals within the pension services fire team for each Fire Authority, to act as the pension liaison officers.

The Pensions Manager will meet with each Scheme Manager/Fire Authority quarterly to discuss any specific issues relating to the individual Fire Authority. More frequent meetings will be arranged if necessary (particularly if issues around the performance and statutory deadlines).

Improving employer performance (where necessary)

LCC Pension Section will seek, at the earliest opportunity, to work closely with Fire Authorities in identifying any areas of poor performance, provide the opportunity for necessary training and development and put in place appropriate processes to improve the level of service delivery in the future.

LCC Pensions often rely on timely and accurate data from the Fire Authorities. Where persistent and ongoing failure occurs and no improvement is demonstrated by a Fire Authority to improve the timeliness and quality of the data provided the Pension Manager will escalate this to the Scheme Manager and the Local Board.

- Initially LCC Pensions will liaise with the Fire Authority, setting out the area(s) of poor performance and how they can be addressed.
- Where no improvement has been demonstrated by the Fire Authority, or where there has been a failure to take agreed action by the Fire Authority, LCC Pensions will write to the Scheme Manager setting out the area(s) of poor performance that has been identified and the steps taken to resolve those area(s).
- Where no improvement continues by the Fire Authority, or where there has been ongoing failure to take agreed action by the Fire Authority, LCC Pensions will write to the Local Board setting out the area(s) of poor performance that has been identified and the steps taken to resolve those area(s).

Circumstances where LCC may levy costs associated with the FIRE authorities poor performance

LCC charge the Fire Authorities for the administration service. If additional costs are associated with the administration of the scheme because of the poor level of performance of that Fire Authority LCC Pensions will discuss this with the Scheme Manager and detail this in writing, stating:-

The reasons in their opinion that the Fire Authorities poor performance contributed to the additional cost;

The amount of the additional cost incurred;

The basis on how the additional cost was calculated.

REVIEW PROCESS

We will review our administration strategy with the Fire Authorities to ensure it remains up to date and meets the necessary regulatory requirements at least every two years.

CONSULTATION

In preparing this pension administration strategy we will consult with the Fire Authorities. Where it is necessary to revise the pension administration strategy the Fire Authorities will be notified in writing of the final changes.

SECTION 2

COMMUNICATION STRATEGY

Introduction

This is the Communications Policy Statement of the LCC Pension Section for the Fire-fighters Pension scheme.

LCC Pensions provide the Fire-fighters pension administration for three Fire Authorities, Leicestershire, Derbyshire and Nottinghamshire. Total scheme numbers for active, deferred and pensioners are approximately;

Leicestershire Fire Authority 1,421

Derbyshire Fire Authority 1,608

Nottinghamshire Fire Authority 1,830

The delivery of the benefits involves communication with a number of other interested parties. This statement provides an overview of how we communicate and how we intend to measure whether our communications are successful.

It is intended to implement this from April 2017. Any enquiries in relation to this Communication Policy Statement should be sent to:

Ian Howe - Pension Manager

Leicestershire County Council Pension Fund

County Hall

Glenfield

Leicester LE3 8RB

ian.howe@leics.gov.uk

Telephone: 0116 305 6945

Responsibilities and Resources

The LCC Pensions are responsible for communication material for the Fire-fighters pension scheme.

LCC Pensions will write all communication, web based or electronic material. However, where there are significant changes LCC Pensions will try (wherever possible) to liaise with the three Fire Authorities to agree the communication e.g. the new CARE annual benefit statement. LCC Pensions will also liaise with the Fire LGA Team to try and use nationally agreed wording, layouts and web developments wherever possible.

Communication with key audience groups

Our audience

We communicate with a number of stakeholders. For the purposes of this communication policy statement, we are considering our communications with the following audience groups:

active members;

deferred members;

pensioner members;

prospective members;

Local Board members;

In addition there are a number of other stakeholders with whom we communicate on a regular basis, such as Her Majesty's Revenues and Customs, the Home Office and other pension providers.

General communication

General day to day communication will continue to use paper based, for example, by sending letters to the scheme members. However, we will complement this by use of electronic means such as e-mail and our website;

http://www.leics.gov.uk/index/pensions/firefighters_pension_scheme.htm

Accessibility

We recognise that individuals may have specific needs in relation to the format of our information or the language in which it is provided. Demand for alternative formats/languages is not high enough to allow us to prepare alternative format/language material automatically.

POLICY ON COMMUNICATION WITH ACTIVE, DEFERRED AND PENSIONER MEMBERS

Our objectives with regard to communication with members are:

for the Fire-fighters pension scheme to be used as a tool in the attraction and retention of employees.

to better educate and explain to members the benefits of the Fire-fighters pension scheme.

to provide more opportunities for face to face communication.

to reassure stakeholders.

Our objectives will be met by providing the following communications, which are over and above individual communications with members (for example, the notifications of scheme benefits or responses to individual queries).

Type	Media	Frequency	Method of Distribution	Audience Group (Active, Deferred, Pensioner or All)
Scheme information	Paper based and on website	As required	Posted to home address or on-line	Active
Annual Benefit Illustrations	Paper	Annually	Posted to home address	Active and Deferred
Additional Estimates	Paper	Once annually, others charged at £ 75 plus VAT each	Posted to home address	Active
Divorce – Additional CEV within 12 months	Paper	As required, charged at £175 plus VAT	Posted to home address	All
Divorce – Provision of other information	Paper	As required, charged between £150 and £725 plus VAT	Posted to home address	All
Divorce – Receipt of pension sharing order or consent order and to establish a new or prospective pensioner record	Paper	As required, charged at £725 plus VAT	Posted to home address	All

Type	Media	Frequency	Method of Distribution	Audience Group (Active, Deferred, Pensioner or All)
Roadshows	Face to face	Annually (new concept - frequency will be monitored)	Advertised by the Fire Authorities	All
Pensions Increase	Paper	Annually	Posted to home address	Pensioners

*Excludes employer driven estimates – e.g. redundancy, ill health, retirements within 12 months of leaving and estimates for divorce.

*The charge also excludes estimates for 92 scheme members when 30 years is attained.

POLICY ON PROMOTION OF THE SCHEME TO PROSPECTIVE MEMBERS

Our objectives with regard to communication with prospective members are:

to improve take up of the Fire-fighters pension scheme.

for the Fire-fighters pension scheme to be used as a tool in the attraction of employees.

As LCC, do not have direct access to prospective members, we will work in partnership with the Fire Authorities to meet these objectives. We will do this by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Scheme Guides	Website	On commencing employment	On-line	New employees
New starter forms	Paper	On commencing employment	Posted to home address by the Fire Authority	New employees
Statutory notice	Paper	Commencement in the scheme	Posted to home address by Pensions	New joiners

Method	Media	Frequency	Method of Distribution	Audience Group
Auto enrolment information	Template letters for the Fire Authorities to use for auto enrolment	Employers trigger points	Letters from employers	Non pensionable employees
Roadshows	Face to face	Annually (new concept - frequency will be monitored)	Advertised by the Fire Authorities	All

POLICY ON COMMUNICATION WITH THE FIRE AUTHORITIES

Our objectives with regard to communication with employers are:

to continue strengthening relationships ensuring communication is accurate and timely between LCC and the Fire Authorities.

to ensure work together to maintain accurate data.

to ensure LCC are informed of any changes that may impact on pension administration e.g. discretionary areas.

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Guidance	Pensions website	Whenever new information or changes are made to guidance	Web site	Scheme Managers
Administration meeting	Face to face	Quarterly	Invitations by e-mail	All Fire administration contacts
Pension Manager meeting	Face to face	Quarterly or as required	E-mail	Scheme Managers

Method	Media	Frequency	Method of Distribution	Audience Group
Fire Officer Group or LGA updates	Face to face or electronic	Quarterly	Verbal or electronic	Scheme Managers

POLICY ON COMMUNICATION WITH PENSION BOARD MEMBERS

Employee and Employers representatives sit on the Pension Board.

Our objectives with regard to communication with Pension Board members;

for the Pension Manager to attend Pension Board meetings by invitation, as required

to assist with training as required

to assist with pensions metrics data

to assist the Scheme Manager as required – reports, Board comments, SAB feedback, and other areas as necessary

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Pension Board meetings	Face to face	As required	Face to face	All members of the Pension Board
Pension Board training events	Face to face	As required	Face to face	All members of the Pension Board
Pre Pension Board meetings	Face to face, e-mail, phone as required	As required	Face to face, e-mail, phone as required	Scheme Manager.

SECTION 3

Performance TARGETS

So as to measure the success of our communications with active, deferred and pensioner members, we will use the following key performance indicators:

Timeliness

We will aim to meet the following target delivery timescales:

Communication	Audience	Target delivery period
Active Member Annual Benefit Statements as at 31 March	Active members	31 August each year
Preserved Member Annual Benefit Statements as at 31 March	Preserved members	31 August each year
Pension Saving Statements as at 31 March	Active members who breach the Annual Allowance pension growth tax threshold	6 October each year
Issue of retirement benefits	Active members retiring	92% of retirement benefits to be issued within 10 working days of receiving all the necessary information.
Payment of pension benefits	Active members retiring	92% of payments will be provided to the Fire Authority to proceed with payment, within five working days of receiving election.
Notification of death related benefits	Dependants of scheme members	90% within 10 days of death notification paperwork.
Payment of death related benefits	Dependants of scheme members	92% of payments will be provided to the Fire Authority to proceed with payment, within five working days of receiving all information.

Customer experience

Feedback media	Perspective	Target
Paper questionnaire issued	Establish members understanding of information provided – rated at least mainly ok or clear	95%
Paper questionnaire issued	Experience of dealing with Section – rated at least good or excellent	92%
Paper questionnaire issued	Establish members thoughts on the amount of info provided – rated as about right	92%
Paper questionnaire issued	Establish the way members are treated – rated as polite or extremely polite	97%

Results

We will provide the results at the quarterly administration meetings. Scheme Managers may choose to take the results to their Pension Boards

Review Process

We will review the performance targets annually with the Fire Authorities.

SECTION 4

SERVICE LEVEL AGREEMENTS

BY LCC PENSION SECTION

Function / Task	Performance target
LIAISON AND COMMUNICATION	
Keep under review the administration and communication strategy	Within one month of any changes being agreed with the Fire Authorities
Issue and keep up to date web based information	30 working days from the date of change/amendment (will use LGA information for national scheme changes)
Issue and keep up to date scheme guidance	30 working days from the date of the change/amendment (will use LGA information for national scheme changes)
Issue and keep up to date all forms required for completion by either scheme members, prospective scheme members or scheme employers	30 working days from the date of the change/amendment (will use LGA information for national scheme changes)
Notify Fire Authorities of changes to the scheme rules	Within 30 working days of the change(s) coming into effect
Notify the Scheme Manager of issues relating to Fire Authorities poor performance (including arranging meeting if required)	Within 10 working days of performance issue becoming apparent
Notify the Scheme Manager of a decision to charge additional costs associated with the Fire Authorities poor performance where there has been no improvement demonstrated	Within 30 working days of discussion with the Scheme Manager about the Fire Authorities failure to improve performance.
Issue annual benefit statements to active and preserved members as at 31 March each year	By the following 31 August
Issue pension saving statements to active members who breach the Annual Allowance pension growth tax threshold and incur a tax charge as at 31 March each year	By the following 6 October

SCHEME ADMINISTRATION	
Provide responses to scheme members and their personal representatives/Fire Authority and other authorised persons	10 days from receipt of all necessary information
Provide transfer-in quote to scheme member	1 month from receipt of all necessary information
Confirm transfer-in payment and membership change to scheme member	10 days from receipt of all necessary information
Provide requested estimates of benefits to employees	1 month from receipt of all necessary information
Notify leavers of deferred benefit entitlements	Within 2 months of receipt of all necessary information
Provide details of estimated Transfers Out (to public sector arrangements)	Within 1 month of receipt of all necessary information
Payment of Transfers Out	10 working days of receipt of all necessary information
Notify retiring employees of options, enclosing appropriate forms	10 working days of receipt of all necessary information KPI
Payment of retirement Lump Sum and pension	5 working days from receiving the members retirement election to inform the Fire Authority to proceed with payment KPI
Death notifications – issue initial letter requesting certificates	5 working days following notification of death
Notification of death related benefits	10 working days of receipt of all necessary information KPI
Payment of death related benefits	5 working days of receipt of all necessary information to inform the Fire Authority to proceed with payment KPI

BY THE FIRE AUTHORITY

Function / Task	Performance Target
LIAISON AND COMMUNICATION	
Formulate policies in relation to all areas where the Fire Authority may exercise a discretion within the scheme	Within 30 working days of policy being formally agreed by the employer. Review these annually by 30 June.
Respond to enquiries from administering authority	10 working days from receipt of enquiry
Provide year end information required by LCC Pensions for valuation purposes, IAS19 individual scheme members annual benefit statements, annual allowance and lifetime allowance calculations, in a format agreed with LCC Pensions	By 19th May following the year end. In valuation years – by 30 th April following the year end
Distribute any information provided by LCC Pensions to scheme members/potential scheme members	Within 30 days of its receipt

FIRE AUTHORITY ADMINISTRATION	
New Starter Make all necessary decisions in relation to new scheme members in the Fire-fighters pension scheme (contribution rate band, etc)	10 working days of scheme member joining
New Starter Provide LCC pensions with scheme member details on appropriate form/via electronic interface. Issue starter form to new employee.	10 working days of scheme member joining/from month end of joining
Pension Contributions Arrange for the correct deduction of employee contributions from a scheme members pensionable pay on becoming a scheme member	Immediately on joining the scheme, opting in or change in circumstances
Pension Contributions Ensure correct employee contribution rate is applied	Immediately upon commencing scheme membership
Pension Contributions Ensure correct rate of employer contribution is applied	Immediately following confirmation
Pension Contributions Ensure correct employee contribution rate is applies for purchase of service in the 92 and 06 scheme and APC for 15 scheme.	Immediately following confirmation

<p>Pension Contributions Refund any employee contributions when employees opt out of the pension scheme before 3 months</p>	Month following month of opt out
<p>Pension Contributions Cease deduction of employee contributions where a scheme member opts to leave the scheme</p>	Month following month of election, or such later date specified by the scheme member
<p>End of year Send a completed end of year detailed contribution spreadsheet used for valuation purposes, IAS19, individual scheme members annual benefit statements, annual allowance and lifetime allowance calculations, in a format agreed with LCC Pensions</p>	By the 19 th May of each year In valuation years – by 30 th April following the year end
<p>Change of details Provide administering authority with details of all material changes in employee's circumstances (e.g. marital or civil partnership status), contractual changes to a scheme member</p>	By the 10 th of the month following the change
<p>Change of details Leave of absence with permission (maternity / paternity / secondment/sickness) without pay etc. (communications with employee and confirmation to LCC pensions)</p>	Within 10 working days of notice from employee / HR / payroll
<p>Leavers and Optants Out Determine reason for leaving and provide fully completed EPEN3 notification to LCC Pensions</p>	By the end of the month the member left scheme
<p>Retirement / Deaths in Service Determine reason for retirement and provide fully completed EPEN3 notification to LCC Pensions</p>	Within 10 working days of retirement or death
<p>Estimate Determine reason for estimate and provide fully completed EPEN3 notification to LCC Pensions</p>	Within 10 working days of estimate request
<p>Employer appointments Appoint an independent medical practitioner qualified in occupational health medicine, in order to consider all ill health retirement applications</p>	Within one month of commencing participation in the scheme or date of resignation of existing medical adviser
<p>Employer appointments Appoint person for stage 1 of the pension dispute process and provide full details to LCC Pensions</p>	Within 30 working days following the resignation of the current "appointed person"
<p>Change of Address Provide LCC Pensions with address changes for pensioners</p>	Within 10 working days following receipt of the information



**SERVICE LEVEL AGREEMENT
PENSIONS ADMINISTRATION**

This service level agreement has been produced by Leicestershire County Council Pension Section for the administration of the Fire-fighters Pension Scheme.

It is an agreement between the Leicestershire County Council and the Fire Authority.

It is hereby agreed that both parties shall abide by the requirements of this agreement.

Signed as a deed by the parties hereto:

.....Leicestershire County Council

.....
Name (Scheme Manager)

.....
Fire Authority

Please return to: The Pensions Manager
Leicestershire County Council, County Hall, Glenfield
Leicester, LE3 8RB

Your signed agreement will then be counter signed by The Pensions Manager and returned to you to add to your file.

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NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

REPORT OF THE INDEPENDENT REMUNERATION PANEL

Report of the Clerk and Monitoring Officer

Date: 22 September 2017

Purpose of Report:

To bring to members the recommendations of the Policy and Strategy Committee following consideration by that committee of the report of the Independent Panel established to review the existing level of members allowances and annual uplift arrangements.

CONTACT OFFICER

Name : Malcolm R. Townroe, Solicitor, Clerk and Monitoring Officer to the Authority

Tel : 0115 8764332

Email : malcolm.townroe@nottinghamcity.gov.uk

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

1. BACKGROUND

Payment of allowances under the existing members' allowances scheme is approved on an annual basis, usually at the budget setting meeting of the Authority each February. The existing scheme has been in place for some time and, as a consequence, it was considered appropriate that it should be reviewed. That review has now been concluded and the report setting out the findings of the independent review panel has been considered by the Policy and Strategy Committee

2. REPORT

- 2.1 The report presented to the Policy and Strategy Committee (attached as Appendix A) sets out the findings of the independent review panel and its conclusions and recommendations. The panel itself met on a number of separate occasions and received guidance and assistance as requested from the Clerk and Monitoring Officer. The conclusions and recommendations in its report were put forward to the Policy and Strategy Committee as a result of the panel's deliberations.
- 2.2 The Policy and Strategy Committee considered the independent review panel's report at its meeting on 21 July and concluded that the recommendations in the report should be accepted and recommended to the full authority for adoption.
- 2.3 The purpose of this report is to seek approval to the recommendations of the Policy and Strategy Committee.

3. FINANCIAL IMPLICATIONS

There are no additional financial implications arising out of the proposals in this report as payment of members' allowances is already budgeted for.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resource or learning and development implications arising out of the proposals in this report.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because the proposals within the report do not lead to any new policies or a change in existing policies.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising out of the proposals in the report.

7. LEGAL IMPLICATIONS

There are no legal implications arising out of the proposals in the report.

8. RISK MANAGEMENT IMPLICATIONS

There are no risk management implications arising out of the proposals in the report.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising out of the proposals in the report.

10. RECOMMENDATIONS

It is recommended that:

- 10.1 The recommendation of the Policy and Strategy Committee to accept the findings of the independent review panel regarding members' allowances and annual uplift arrangements be accepted.
- 10.2 That Members' allowances continue to be paid on the same basis as the existing scheme and that inflators continue to be applied on an annual basis linked to increases set by the National Joint Council for Local Government Service.

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

None.

Malcolm R Townroe, Solicitor
CLERK AND MONITORING OFFICER TO THE AUTHORITY



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

Policy and Strategy Committee

REPORT OF THE INDEPENDENT REMUNERATION PANEL

Report of the Clerk and Monitoring Officer

Date: 21 July 2017

Purpose of Report:

To bring to members the report of the independent panel established to review the existing level of members allowances and annual uplift arrangements.

CONTACT OFFICER

Name : Malcolm R. Townroe, Solicitor, Clerk and Monitoring Officer to the Authority

Tel : 0115 8764332

Email : malcolm.townroe@nottinghamcity.gov.uk

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

1. BACKGROUND

Payment of allowances under the existing members' allowances scheme is approved on an annual basis, usually at the budget setting meeting of the Authority each February. The existing scheme has been in place for some time and, as a consequence, it was considered appropriate that it should be reviewed. That review has now been concluded and this report sets out the findings of the independent review panel.

2. REPORT

This report presents the findings of the independent review panel, who were commissioned to review the existing level of members' allowances and annual uplift arrangements, and to report back to the Policy and Strategy Committee with its conclusions and recommendations. The panel's findings are now attached as Appendix 1 to this report for review prior to presentation of the report to a future meeting of the full Fire Authority for adoption.

The panel itself has met on a number of separate occasions and has received guidance and assistance as requested from the Clerk and Monitoring Officer. The conclusions and recommendations in the report are put forward as a result of the panel's deliberations.

3. FINANCIAL IMPLICATIONS

There are no additional financial implications arising out of the proposals in this report as payment of members' allowances is already budgeted for.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resource or learning and development implications arising out of the proposals in this report.

5. EQUALITIES IMPLICATIONS

An Equality Impact Assessment has not been undertaken because the proposals within the report do not lead to any new policies or a change in existing policies.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising out of the proposals in the report.

7. LEGAL IMPLICATIONS

There are no legal implications arising out of the proposals in the report.

8. RISK MANAGEMENT IMPLICATIONS

There are no risk management implications arising out of the proposals in the report.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising out of the proposals in the report.

10. RECOMMENDATIONS

It is recommended that the findings of the independent review panel regarding members' allowances and annual uplift arrangements be accepted and forwarded to the full Fire and Rescue Authority for adoption.

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

None.

Malcolm R Townroe, Solicitor
CLERK AND MONITORING OFFICER TO THE AUTHORITY

NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY

INDEPENDENT REVIEW PANEL (IRP)

Introduction

We have been appointed by the Nottinghamshire and City of Nottingham Fire and Rescue Authority (NFRA) to review the existing level of members' allowances and annual uplift arrangements and to report on our findings.

Executive Summary

The current members allowance scheme was established in 2006 as part of the transition from a single authority style meeting to a wider governance structure involving the establishment of various sub-committees.

That scheme established the categories of members' allowances and set their initial levels. Since then inflators have been applied on an annual basis linked to increases set by the National Joint Council for Local Government Services. The current level of those allowances (based on 2016/17) is set out in the table below.

Role	Recommended allowance (pa)
Chair	20883.72
Vice Chair	14621.40
Major Committee Chair	2334.84
Opposition Spokesperson/(Minority Groups Spokesperson (Groups of 4 or more)	2334.84
Member Basic Allowance (MBA)	3502.00

Similarly, expenses for travel and subsistence, child and other dependent care allowances, follow the rules that were also established in the 2006 scheme. Members of the Fire Authority are not entitled to any payment in respect of pensions.

It is noted that payment of allowances under the existing scheme is approved by NFRA every year at its budget meeting in February.

Remit of the Independent Review Panel (IRP)

The purpose of the IRP is to review the level of allowances paid under the current scheme, the uplift arrangements and to report on our findings. The members of the IRP are set out in Appendix A

On formation of the IRP, it was hoped that the Review would be completed relatively quickly. Unfortunately, due to initial diary constraints and then delays in obtaining comparable information from other authorities, this review has taken longer than envisaged.

Considerations and deliberations of the IRP

As part and parcel of its deliberations the panel have fully considered the contents of the original 2006 scheme and have interviewed the Chair of the Authority, Lead Opposition Spokesperson and have also spoken to the Chief Fire Officer.

The interview with the Chair of the Authority was extremely useful for the panel and demonstrated how onerous a post it is. Following on from his interview with the panel the Chair of the Authority very helpfully produced a list of his current duties and activities. This is annexed as Appendix B.

We have also noted the comments made by the Lead Opposition Spokesperson about the level of his engagement during his interview which we also found extremely useful.

Attendance by members at the various meetings is generally good but there is certainly a feeling that non-attendance should be noted and, if permissible, allowances reduced. As a consequence we have considered the introduction of allowances based on attendances but following further consideration and reflection have rejected it.

The IRP considered the arrangements for members' allowances in some other authorities and the effect of these has been taken into account for the present proposals. These comparisons are shown in Appendix C. While this comparison table is useful in some ways, it is unhelpful in others, as it does not take any account of, or reflect, the actual level of activity undertaken in each authority.

This comparison with other Fire Authorities has presented the Review Panel with a number of points for consideration:-

- The Basic Member Allowance at Nottinghamshire is near the average although there is clearly a factor of variation between authorities.
- The chair and vice chair are currently receiving allowances which are more than that of the nearest comparators.
- The data available does not allow exact comparisons to be made of other categories such as opposition spokesperson committee chairmen etc.
- We have not considered all of the elements such as mileage and other allowances in minute detail but a brief look suggests comparability. In any case we opt for the continued application of the scheme already in place which was based on the Nottinghamshire County Council scheme and which we consider should continue to be followed.

Conclusion

The IRP have reached the following conclusions:-

- It would not be appropriate to recommend any alteration to the parameters of the existing scheme as our view is that the scheme currently in place is fit for purpose.
- Having regard to allowances paid elsewhere and the level of allowances paid under the existing scheme the level of allowances is set at the correct level.
- Inflatos should continue to be applied to the scheme in accordance with existing arrangements.

Recommendations

- That payments to members continue on the same basis as the existing scheme.
- Inflatons continue to be applied on an annual basis linked to increases set by the National Joint Council for Local Government Service.

Appendix A

The members of the Independent Review Panel 2015/6/7

- 1 Richard Henshell** OBE, FREng, BSc, PhD, FIMechE, MBCS, CITP Chairman of Independent Review Panel

Was a lecturer at Nottingham University leaving in 1976 to found PAFEC Ltd based on University Research work which grew at one point to employing 350 staff and was eventually sold in 1998 to German interests. PAFEC Ltd sold software which was approved for supply to all the emergency services (Fire, Police, Ambulance) in the UK. On the sale of PAFEC Ltd, he founded Strelley Systems Ltd which provides business space to small companies in Nottingham, Mansfield and Worksop. He has been on several local and national committees including university management, appointments of staff in the public sector, research funding, assistance for start-up businesses and assistance towards export.

- 2 John Carter** member of Independent Review

Former County Councillor and Chair of Finance Committee.

- 3 Jill Cunnison** FCIPD member of Independent Review

Jill is a Senior HR Consultant at Capital One, with more recent roles focusing on Reward and HR Operations. Jill has spoken at several leading Reward Industry conferences on HR matters, including being a judge for Employee Benefits Awards.

Appendix B

The duties of the Chair of the Fire Authority

Role and Responsibilities - brief job outline

Local, Regional and National Strategic Roles

- Chair Full Authority Meetings
- Chair Policy and Strategy Meetings
- Chair Equalities Board
- Chair Local Fire Service Advisory Pension Board
- Attend and substitute at other Committee Meetings
- Member East Midlands Councils
- Member Safer Nottingham Board
- Attend LGA Fire Conferences (chair session)
- Attend Combine Fire Authority Conference (as speaker)
- Meet with Nottinghamshire MPs (at constituency offices and Westminster)
- Occasional meetings with neighbouring CFOs and Chairs
- Member LGA Management Committee.
- LGA appointed member Fire Waste Management Committee
- Ministerial appointed member National Fire Service Advisory Pension Board
- LGA Member of Fire Service Peer National Review Team
- Invitee to independent think tank event looking into the future of the service and Home Office event on closer Police/Fire collaboration
- Attendee at other national events including CFOs National Conference

Public Roles

- Consultation meetings with public and other stake-holders regarding changes to service delivery
- Meetings with local media

Management Roles

- Attend joint meetings with CFO, Chief Constable and PCC (Interoperability Board)
- Chair panel for appointment of senior manager
- Set (on behalf of Authority) CFO aims and objectives and undertake annual appraisal (PDR)
- Act as counsel/sounding board to CFO (Regular communication)

Staffing

- Meet with workforce representative bodies
- Hold meetings with fire crews at all stations across Nottinghamshire
- Attend briefing events with non-uniform staff across all departments
- Present long service awards to staff
- Attend passing out parades for newly qualified firefighters

Civic Roles

- Attend Fire Fighters national memorial services

- Attend joint emergency service ceremonies and events

Appendix C

Comparison with other fire authorities

Role	Notts F&R Present proposal	Notts F&R 2006	Notts F&R Inflation corrected to 2015	Cheshire FA 2016	Humberside FA	Derbys 2014/5	Leics FRA 2015	Devon & Somerset	Essex 2013	Average (excl Notts)
Chair	20883.72 + BMA	19500 + BMA	20883.72 + BMA	13416.80 + BMA	11137 +BMA	14772 + BMA	9138 + BMA	12903 +BMA	15400 + BMA	12670 + BMA
Vice Chair	14621.40 + BMA	13650 + BMA	14621.40 + BMA	6709.43 + BMA	8356 + BMA	9388.92	3071 +BMA	6451 + BMA	6160 + BMA	6685 +BMA
Major Committee Chair	2334.84 + BMA	2180 + BMA	2334.84 + BMA	2683.77/1548.33 + BMA	561 + BMA	*4875/4130.21/1693.08 +BMA	1759 +BMA	3871 + BMA	*+ BMA	3039 +BMA
Opposition Spokesperson	2334.84 + BMA	2180 + BMA	2334.84 + BMA	*+ BMA	*+ BMA	*+ BMA	*+ BMA	*+ BMA	770 +BMA	*+ BMA
Minority Groups spokesperson	2334.84 + BMA	2180 + BMA	2334.84 + BMA	516.11 + BMA	BMA	BMA	1759 + BMA	*+ BMA		1137 + BMA
Basic member allowance (BMA)	3502	3270	3502	4078.30	4457	2952	3034	2580.60	4400	3484

Notes * Different groupings show that exact comparisons cannot be made and averages could be calculated in many was making the entries for Opposition Spokesperson and Minority Groups Spokesperson somewhat meaningless.

BMA = Basic Member's Allowance.

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NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham Fire and Rescue Authority

PAY POLICY

Report of the Chief Fire Officer

Date: 22 September 2017

Purpose of Report:

To present a Pay Policy statement for approval by the Fire Authority, in line with the requirements of the Localism Act 2011.

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

- 1.1 The Localism Act 2011, Section 38(1), places a requirement on 'relevant authorities' to prepare pay statements for each financial year.
- 1.2 The Fire Authority is a "relevant authority" as defined by section 43(1) of the Act.
- 1.3 Pay statements must articulate an authority's own policies towards a range of issues relating to the pay of its workforce, particularly those of its senior officers and its lowest paid employees.
- 1.4 The pay statement must be agreed by the Fire Authority annually, and be published and accessible.

2. REPORT

REQUIREMENTS OF THE LOCALISM ACT

- 2.1 The basis for Section 38(1) of the Act reflects the recommendations of the Hutton Report on Fair Pay in the Public Sector, published in March 2011. The Act drew on these recommendations to emphasise the need for accountability, transparency and fairness in the setting of local pay and placed a requirement on elected Members to take a greater role in determining pay, and that such decisions should be set clearly within the context of the pay of the wider workforce.
- 2.2 To this end, pay policy statements must be considered by the full Authority and may not be delegated to a sub-committee. Any meetings at which pay policy is established must be open to the public.
- 2.3 Additionally, the full Authority should be offered the opportunity to vote before large salary packages are offered in respect of new appointments. The threshold to be set at packages valued at £100k and to include bonuses, fees and allowances and any benefits in kind.
- 2.4 The published policy statement must specifically include the approach to the publication of and access to information relating to the remuneration of Chief Officers and Deputy Chief Officers.
- 2.5 The statement must also set out the policy on remuneration for highest and lowest paid employees and establish the relationship between the remuneration of its Chief Officers and other employees. The Authority does not currently use a pay multiple to establish a differential between the highest and lowest paid employees, and it is not intended that such a pay multiple be established within the current pay policy as pay is determined through robust evaluation processes and in-line with National Joint Council agreements applicable to all members of staff.
- 2.6 The policy must also set out the approach to other elements of remuneration, including bonuses, performance related pay and severance payments.

- 2.7 The policy also needs to set out the position taken on re-engagement of Chief Officers in receipt of a pension (including under a contract for services), and any abatement measures in place across the workforce.
- 2.8 Details of severance payments, including redundancy, must also be explicit within the policy.
- 2.9 The Statement of Pay Policy is attached as Appendix A to the report.

PAY POLICY 2017-18

- 2.10 If agreed the proposed Statement of Pay Policy 2017-18 will be published and made available to the public. The full Statement of Pay Policy is attached as Appendix A.
- 2.11 The policy provides a summary of pay policy and practices across the Service and, in particular, details the pay policy for the Chief Fire Officer and other Principal Officers.
- 2.12 Whilst there have been no changes to the policies and procedures of the Authority, incremental and individual events have affected the Statement of Pay Policy and are detailed below:
- Reference to the gender pay reporting requirements which have been introduced from April 2017 under the Gender Pay Gap Reporting Regulations 2017 (Paragraph 1.5);
 - Updates to pay information relating to mean average pay and pay multiples (Paragraphs 1.7 and 1.8);
 - Confirmation of national annual pay awards applied in 2016 and 2017 (Paragraphs 2.4, 3.2, 4.2);
 - Increase in national annual rates of pay for Chief Fire Officers based on population band (Paragraph 2.2.1, 2.2.2);
 - Update to the value of provided cars for business use for Principal officers due to national annual pay awards (Paragraphs 2.2.4 and 2.10.1);
 - Update of the cost of corporate health care scheme membership (Paragraph 2.10.5);
 - Confirmation that a compensation payment was agreed in one instance in 2016-17 (Paragraph 6.3). This was as part of a voluntary redundancy arrangement;
 - Confirmation that there were no settlement payments agreed in 2016-17 (Paragraph 6.4);
 - Confirmation that there were no instances involving the early payment of pension payments during 2016-17 (Paragraph 6.9).

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

4.1 The Service already has in place a number of policies and agreements in relation to pay and remuneration, appointments and severance payments. However, the provisions of the Localism Act 2011 place a requirement on all public bodies to publish such information as a single Pay Policy and make it accessible to external scrutiny.

4.2 There are no learning and development implications arising from the report.

5. EQUALITIES IMPLICATIONS

There are no direct equalities implications arising from the report, as this is a statement of current pay policy and practice. An equality impact assessment forms part of the policy development process.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

The Localism Act places a statutory duty on Authorities to publish an annual Statement on Pay Policy commencing in the financial year 2012-13. The publication of the Pay Policy meets this obligation.

8. RISK MANAGEMENT IMPLICATIONS

As the Localism Act places a statutory duty on the Fire Authority, the Authority must be in a position to publish its agreed position on pay and remuneration each year. Failure to do so may lead to legal challenge.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report, as it is to provide a statement of policy for transparency purposes.

10. RECOMMENDATIONS

That Members approve the Statement of Pay Policy at Appendix A.

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

None.

John Buckley
CHIEF FIRE OFFICER

Nottinghamshire and
City of Nottingham Fire Authority

Statement of Pay Policy 2017/18



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Introduction

This statement of Pay Policy is provided in line with Section 38(i) of the Localism Act 2011 and is authorised by the Nottinghamshire and City of Nottingham Fire Authority.

Purpose

The purpose of this statement is to provide transparency to the pay policy adopted by the Nottinghamshire Fire and Rescue Service. The period covered by the review is the financial year April 2016 to 31st March 2017.

Accountability

The Combined Fire Authority is responsible for establishing the pay policy for the employees of the Nottinghamshire Fire and Rescue Service.

The Combined Fire Authority is directly responsible for reviewing the pay structure for Principal Officers including the Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer roles.

The Chief Fire Officer has delegated responsibility to establish appropriate grading and salaries for all other employees of the Nottinghamshire Fire and Rescue Service.

Pay Negotiating Bodies

The Authority applies the annual pay settlements negotiated by:

- The National Joint Council for Local Government Services
- The National Joint Council for Local Authority Fire and Rescue Services
- The National Joint Council for Brigade Managers of Local Authority Fire and Rescue Services

The Authority undertakes negotiations with its recognised representative bodies on local agreements which affects the terms and conditions of its employees and which may include agreement of local allowances.

The Representative Bodies recognised for negotiating purposes are:

- The Fire Brigade's Union
- The Fire Officers Association
- UNISON
- The Association of Principal Fire Officers
- The Retained Firefighters Union

Section One – General Pay Policy

- 1.1 The Authority applies the pay scales adopted by the respective national Joint Councils for all its employees up to the level of Principal Officer.
- 1.2 The Authority has adopted the principle of applying the Living Wage rate as the minimum starting point for all substantive appointments. This is subject to annual review by the Centre for Research in Social Policy. From April 2016, the Service will also adhere to the National Living Wage rate (for employees over 25) where this is higher than the Living Wage.
- 1.3 Local pay arrangements for Principal Officers are established through the provisions of the NJC for Brigade Managers of Local Authority Fire and Rescue Services and are reviewed biennially by the Fire Authority. Further details are set out in Section 2
- 1.3 The number and level of roles within the Service are determined by the Fire Authority on advisement from the Chief Fire Officer.
- 1.4 Pay policy reflects the different roles, duties and responsibilities undertaken by Service employees. This is reflected in pay differentials between different groups of workers and between workers in the same pay group. The pay bands established are based on nationally applied role maps (operational employees) or grading bands established through a job evaluation process (support employees).
- 1.5 Pay policy reflects adherence to the principle of “equal pay for work of equal value”. The Service has committed to undertake an independent equal pay audit on a 3-yearly basis as a means of identifying any gender pay issues. From 2017, the Service will comply with the gender pay reporting in line with the requirements of the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, and the outcomes will be reported to the Authority.
- 1.6 In applying its policy, the Authority will work to eliminate any elements which may, directly or indirectly, discriminate unfairly on the grounds of sex, race, colour, nationality, ethnic or national origin, age, marital status, having dependants, sexual orientation, gender reassignment, religion or belief, trade union activity, disability or any other factors. Part-time workers receive the same pay and remuneration as full-time workers undertaking the same job role on a pro-rata basis.

Generic pay information

1.7 Mean Average Pay

The mean average pay is calculated based on salary for Fire-fighters, Control and support employees. It does not include Retained Duty System Fire-fighters who are paid according to turn-outs (please refer to section 3.6).

The mean average pay for 2016-17 is £31,503 (as at 01/04/17). This compares to a mean average of £30,969 in 2015-16.

1.8 Pay multiples

The idea of publishing the ratio of the pay of an organisation's top earner to that of its median earner has been recommended in order to support the principles of Fair Pay (Will Hutton 2011) and transparency.

The current ratio is 2.9:1, which compares to 2.6:1 in 2015-16. This will be monitored each year within the Statement of Pay Policy.

Section Two - Pay Policy for Principal Officers

2.1 General Principles

2.1.1 National pay awards negotiated by the National Joint Council for Brigade Managers of Local Authority Fire and Rescue Services are applied by the Authority on an annual basis. This represents a cost-of-living increase.

2.1.2 In addition, a review of Principal Officer pay is undertaken on a two-yearly basis by the Combined Fire Authority. This is managed through the Policy and Strategy Committee and is approved by the full Combined Fire Authority.

2.1.3 This review is undertaken by the Clerk to the Fire Authority and Treasurer to the Fire Authority, who are appointed by the CFA to report to the Authority on the methodology applied and to make recommendations on Principal Officer pay. The last pay review was undertaken in 2015 and recommended no increase in pay for Principle Officers.

2.1.4 Principal Officer roles covered by the review include the Chief Fire Officer, Deputy Chief Fire Officer, and Assistant Chief Fire Officer.

2.2 Establishing the Pay of the Chief Fire Officer

2.2.1 The National Joint Council for Brigade Managers of Fire Authorities establishes a minimum salary for Chief Fire Officers based upon population size as follows:

Population band 1: up to 500,000

Population band 2: 500,001 – 1,000,000

Population band 3: 1,000,001 – 1,500,000

Population band 4: 1,500,000 and above (except London)

Population band 5: London

2.2.2 The population size for the Nottinghamshire Fire and Rescue Service is 1.1m. The minimum payment for the Chief Fire Officer is therefore based upon Population Band 3 which establishes a minimum rate of pay for 2017-18 at £109,970.

- 2.2.3 The base salary for the Chief Fire Officer role at Nottinghamshire Fire and Rescue Service is currently £150,330 within the range £135,297 to £150,330 per annum. Please refer to paragraph 2.3.1 for further details of pay policy on appointment.
- 2.2.4 Additionally, a car is provided for business use up to the on the road list price value of 33.3% of the Chief Fire Officer salary. All private mileage is reimbursed to the Authority at HMRC approved rates.
- 2.2.5 Pension: The Service makes an employer contribution of 21.7% (1992 scheme), 11.9% (2006 scheme) or 14.3% (2015 scheme) depending on individual membership. This is in accordance with the contribution made to all members of the Firefighter's Pension Scheme (1992). The employee contribution for 2017 is either 16.5-17% (1992 scheme), 11.9% (2006 scheme) or 13.5- 14.5% (2015 scheme) of pensionable pay.

2.3 Local Pay Review

2.3.1 In 2013 the CFA revised the payment for Principal Officers from a single pay point to a 3-point model based upon length of service, as follows:

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

Progression through the pay band is subject to a review of performance.

2.3.2 The CFA has also revised the methodology for the review of Principal Officer pay based upon a comparator for the role of Chief Fire Officer. The review compares the pay levels of comparable Fire and Rescue Authorities in the same Family Group of 18 Fire and Rescue Services, and establishes an average median pay point as a benchmark salary which is taken into account by the Combined Fire Authority when reviewing Principal Officer pay on a 2-yearly basis.

2.3.3 No pay review was undertaken in 2016. The next pay review is scheduled this year for application from January 2018.

2.4 National Pay Review

The national pay review undertaken by the NJC for Brigade Managers of Fire and Rescue Services applied an increase of 1%, with effect from 1st January 2016 and 1% from 1st January 2017.

2.5 Other Principal Officer Pay

The Authority has established a policy that Principal Officer roles below that of Chief Fire Officer would be paid as a proportion of the locally agreed Chief Fire Officer base pay rate as follows:

- Deputy Chief Fire Officer - 82.5%
- Assistant Chief Fire Officer - 75%

2.6 Publication of Principal Officer Pay

Details of Principal Officer Pay are published on the Nottinghamshire Fire & Rescue Service internet site. This can be found by clicking on the section About Us>Access to Information>Local Transparency Data>Local Transparency Reports.

2.7 Principal Officer – internal pay comparators

2.7.1 In 2016-17, the lowest paid role within the Service was £16,302 (fte), which reflects the Authority's commitment to the living wage, the highest paid role within the Service is £150,330. The Service does not have a policy of direct correlation between the highest and lowest paid roles i.e. it does not apply a pay multiple in establishing Principal Officer pay.

2.7.2 The ratio of pay between the highest paid employee of the fire service and a median salary is set out in paragraph 1.8.

2.7.3 The pay (including rota allowances) of the most senior officer below Principal Officer (Area Manager) is 67.4% of Assistant Chief Fire Officer pay and 50.5% of Chief Fire Officer pay.

2.7.4 The pay of the most senior support role (at salary maximum) below Principal Officer (Area Manager – Support) is 52.7% of Assistant Chief Fire Officer pay and 39.6% of Chief Fire Officer pay.

It should be taken into account that the salaries of Principal Officers and other flexi-duty officers reflects a requirement to provide duty cover on a 24/7 rota basis.

2.8 Re-engagement

Principal Officers are subject to the same Re-engagement provisions as other Service employees. These are set out in more detail in Section 5.

2.9 Severance Payments

Principal Officers are subject to the same severance arrangements as other Service employees. These are set out in more detail in Section 6.

2.10 Other allowances

2.10.1 A car is provided for business use to the Deputy and Assistant Chief Fire Officers up to the on the road list price value of 70% of the Chief Fire Officer allowance referred to in section 2.2.4. All private mileage usage is reimbursed at the HMRC approved rate.

2.10.2 Pension: The Service makes an employer contribution of either 21.7% (92 scheme), 11.9% (2006 scheme) or 14.3% (2015 scheme)

depending on scheme membership. This is in accordance with the contribution made to all members of the Firefighter's Pension Schemes. The employee contribution for 2017 will be between 12.2% and 16.5% (92 Scheme), between 9.4% and 12.5% (2006 scheme) and 10% to 13.5% (2015 scheme) of pensionable pay.

2.10.3 Business mileage is reimbursed using fuel cards.

2.10.4 Subsistence allowances: reimbursement of expenses when working away from the home work base.

2.10.5 All employees are members of a corporate health scheme which provides cash-back for dental, optical and consultancy fees, and access to MRI, PET scans and counselling support. This is at a cost of £62.64 per employee per annum. Principal Officers are also members of this scheme.

Section Three - Pay Policy for Fire-fighters

- 3.1 This policy applies to Whole-time, Retained Firefighters and Control staff.
- 3.2 National pay awards negotiated by the National Joint Council for Firefighters of Local Authorities Fire and Rescue Services are applied by the Authority on an annual basis. This represents a cost-of-living increase. A 1% pay award was applied by the NJC for Local Authority Fire and Rescue Services from 1st July 2016. Pay negotiations for 2017 are ongoing.
- 3.3 Pay is based upon the role undertaken and the stage of competence of each individual i.e. trainee, in development and competent.
- 3.4 A formal assessment of individuals is undertaken at each stage of development before moving to the next salary level. Maintenance of competence is a requirement at all levels of the Service and is reviewed annually.
- 3.5 Progression between roles is subject to a competitive selection process.

Retained Duty System

- 3.6 Employees employed on the Retained Duty System are paid an annual Retaining Fee and receive subsequent payments based on attendance at incidents and other activity – these include attendance at drill nights, disturbance fees, turnout fees, attendance fees, training fees, other authorised NFRS duties and compensation for loss of earnings. All payments are made in line with nationally agreed pay scales and rates.

3.7 Other allowances and payments

Pension contributions: 21.7% of salary (1992 scheme), 11.9% (2006 scheme) or 14.3% of salary (2015 scheme) for members of the Fire-fighter's Pension Scheme. The employee makes a contribution of between 12.2 and 17% (1992 scheme), 9.4 and 12.5% (2006 scheme) or 10% and 14.5% (2015 scheme) of pensionable pay.

Flexible duty payment: under national conditions of service, a flexible duty payment is made to Station Managers, Group Managers and Area Managers who provide flexible duty cover on a 24/7 rota basis and who are available to attend emergency incidents when required, and provide Duty Officer cover. This is paid at an allowance of 20% of base salary.

Area Manager rota payment: under local arrangements, Area Managers are paid a rota payment equating to 11.67% of base salary.

Acting up: An allowance is paid on a daily basis where employees temporarily undertake the duties of a higher graded role. This is paid at the rate applicable to the role being undertaken. Employees must be qualified to undertake the higher level role.

Overtime rates: paid for roles below Station Manager. This is paid a time and a half or double time on public holiday or time may be granted in lieu at the appropriate enhanced rate.

Detachments: paid when operational employees are required to provide cover at other stations. Paid at 2 hours overtime rate.

Recall to duty: paid at a minimum of three hours at double time rates.

Continuous Professional Development Payment (CPD): Under national conditions of service, a CPD payment is approved annually on an individual basis for employees with more than 5 years of service (since attaining competence in role).

This is paid as an annual payment of £903 (whole-time employees), and £225.72 (retained). The payment made to retained duty system employees is paid on pro-rata basis (25% of full value).

The payment is made by application and authorised at a senior management level. To be eligible, an individual must demonstrate evidence of CPD over and beyond that required for competence and have a good attendance, performance and disciplinary record.

Additional Responsibility Allowance (ARAs): may be paid where employees perform duties outside of the national role map. At NFRS, two levels of payment are applied. The lower level is paid at £250 per annum and the higher level at £500 per annum. There are 70 higher level ARAs and 4 lower level in payment at the current time. Payments are conditional upon individual's performing additional duties / responsibilities and maintaining competence in these areas, this may include taking professional or vocational qualifications.

National Resilience Payment: a local payment is made for employees volunteering for crewing of the High Volume Pump, Enhanced Command Support Vehicle and Incident Response Unit which form part of the national resilience network. Volunteers are available on an on-call basis and could be required to operate outside of the county to respond to national emergencies. Current payments are £500 per annum and there are 27 employees receiving

this payment, and 5 receiving a higher level co-ordinators allowance of £1000. The payment is funded by national grant.

Special Response Team: a local payment is made for employees volunteering for this tactical response team. Volunteers are available on an on-call basis. Current payments are £500 per annum and there are 58 employees receiving payments and 2 receiving £1000 for co-ordinating activity.

Incident Liaison Officers: a local payment is made for employees volunteering to be Incident Liaison Officers at Special Response incidents. Volunteers are available on an on-call basis. Current payments are £500 per annum and there are 6 employees receiving payments.

Messing allowance: Paid to station personnel who are responsible for catering arrangements on fire stations.

Spoilt meals: Paid when prepared meals are uneaten as a result of attending an emergency call-out.

Kit Carrying allowance: business mileage rate as per national conditions paid to compensate operational employees who are required to transfer fire kit in their own vehicles.

Travel allowance: a local allowance to cover additional travel costs when an operational employee is compulsorily transferred to another work base. A payment is made of the difference in mileage undertaken and is paid for 3 years (compulsory transfer) or 18 months (promotion).

Essential Car User: A lump sum is paid to employees who are required to use their own vehicles to undertake their job role. This is based on nationally determined allowances. The allowance may be off-set against leasing arrangements for a vehicle, the balance of which is paid by the employee.

Business mileage is reimbursed in line with nationally agreed rates.

Subsistence allowances: reimbursement of expenses when working away from the home work base.

Clothing allowance: Paid to Control employees for provision of uniform (where this is not provided by the Service), and to female operational employees for the provision of maternity wear.

Reimbursement of medical fees: this only applies to employees whose service commenced before November 1994. The reimbursement of fees cover dental, optical and prescription fees and are paid at NHS rates.

Health scheme membership: all employees are members of a corporate health scheme which provides cash-back for dental, optical and consultancy fees and access to MRI, PET scans and counselling support. This is at a cost of £62.64 per employee per annum.

Section Four - Pay Policy for Support Roles

- 4.1 This policy applies to employees covered by the NJC for Local Government Services and includes all non-operational support staff.
- 4.2 National pay awards negotiated by the National Joint Council for Local Government Services are applied by the Authority on an annual basis if applicable. This represents a cost-of-living increase. A 1% award was applied from 1st April 2016 and from 1st April 2017.
- 4.3 The National Joint Council for Local Government Services is currently reviewing national pay scales to take account of the impact of the National Living Wage on local government pay. This review is due to report in June 2017. It is anticipated that there may be some adjustments to current incremental salary points arising from this review, which may affect the salaries of employees conditioned to the NJC for Local Government Services.
- 4.4 The Authority has a locally agreed grading structure, which uses nationally recognised salary points (spinal column points) across 9 grading levels. Each level is comprised of 5 salary points. Movement between grades is through a competitive selection process.
- 4.5 A job evaluation process, based on the national model, assesses all roles and allocates an appropriate grade according to the duties and responsibilities undertaken. Employees may apply for a review of their grade where permanent, substantial and material changes have increased the level of duties and responsibilities attached to their role. Any substantive changes to grade must be authorised by the Chief Fire Officer and reported to the Authority.
- 4.6 On an annual basis, employees progress incrementally through their respective grade until they reached the maximum point of their grade. Progression is subject to satisfactory performance.
- 4.7 **Other allowances and payments**

Pension contributions: the Service makes an employer contribution which equates to 12.6% for all members of the Local Government Pension Scheme. The employee makes a contribution of between 5% and 12.5% of pensionable pay depending on their salary band.

Overtime: Paid up to Grade 5, at the rate of time and a half and double time for weekend and public holidays. Time in lieu may be taken as an alternative to payment.

Acting up: An allowance is paid if an employee is required to a higher level role for a period of more than one month.

Honorarium: A discretionary payment may be made, with the approval the Strategic Director – Corporate Support, for duties undertaken outside of the normal job requirements for an extended period of time. The maximum payable is £1000. Any payments above £1000 must be approved by the Fire Authority.

Stand by: Employees required to attend work outside of normal office hours or to be on-call are paid an allowance depending on the nature of the arrangements.

Essential Car User: A lump sum is paid to employees who are required to use their own vehicles to undertake their job role. This is based on nationally determined allowances.

Business mileage is reimbursed in line with nationally agreed rates.

Disturbance: Paid when an employee is required to move work location. Actual additional mileage is paid for a period of 4 years.

Subsistence allowances: reimbursement of expenses when working away from the home work base.

Health scheme: All employees are members of a corporate health scheme which provides cash-back for dental, optical and consultancy fees, and access to MRI, PET scans and counselling support. This is at a cost of £62.64 per employee per annum.

Section Five - Policy on Re-engagement and Pension Abatement

- 5.1 This applies where individuals retire from the Service, and draw pension benefits, and are subsequently re-engaged into the same or other role with the Nottinghamshire Fire and Rescue Service. The policies set out below apply to all employees, including senior officers of the Service.
- 5.2 The Service no longer operates a Re-engagement Policy.
- 5.3 Abatement of pension is applied when employees who retire from Service with pension benefits from the Firefighter's Pension Scheme, are successful in attaining another job with the Service through a competitive process. This means that they may not earn more in the new role than in their previous role when pension and salary are combined. This complies with the provisions of the Firefighter's Pension Scheme.
- 5.4 The Service operates a Flexible Retirement Policy for employees in the Local Government Pension Scheme which allows employees to take their pension benefits and be re-employed on reduced hours or at a lower grade without abatement of pension. This complies with the provisions of the Local Government Pension Scheme. There were no flexible retirement arrangements made during 2016-17.
- 5.5 In circumstances in which employees who have taken retirement benefits from the LGPS (either as former NFRS employees or employees of another public sector organisation) apply for a support role with the Nottinghamshire Fire and Rescue Service as part of a competitive selection process and are successful, no abatement of pension is applied.

Section Six - Exit Payments

- 6.1 In the event of redundancy, the Service applies statutory redundancy payments under the provisions of its Redundancy Procedure. This applies to both compulsory and voluntary redundancy situations.
- 6.2 In addition, members who are members, or who are eligible to be members, of the Local Government Pension Scheme may be awarded an additional compensation payment under the provisions of the Discretionary Compensation Payments Scheme. This payment is based upon age and length of service. A Discretionary Compensation Payments Board assesses each application to determine whether there are any exceptional personal circumstances to enhance the compensation element of the award. This applies to both compulsory and voluntary redundancy situations. A cap of 66 weeks' pay is applied in normal circumstances. This can be increased to up to 104 weeks in exceptional circumstances.
- 6.3 All recommendations for enhanced payments are subject to agreement by the Human Resources Committee. There was one such compensation awards agreed as part of a voluntary redundancy arrangement in 2016-17.
- 6.4 In exceptional cases, the Chief Fire Officer is authorised to agree a compensation payment as part of a compromise agreement when the employment of an employee is terminated by the Service, or in settlement of a claim. Such agreements are subject to confidentiality clauses. There were no such settlements in 2016-17.
- 6.5 From September 2016, individuals will be required to reimburse of all or part of such exit payments if the individual is re-employed within the public sector within 12 months of leaving the Service and receiving a payment. This applies to those earning from £80k per annum in total remuneration in the year prior to leaving the Service.

Early Payment of Pension Benefits

- 6.7 Under the provisions of the Local Government Pension Scheme, employees aged over 55 who are made redundant or who are retired from Service on the grounds of efficiency are awarded early payment of pension benefits.
- 6.8 In this case, a charge is made against the Fire Authority by the pensions fund; this is referred to as actuarial strain.
- 6.9 No such early payments were made in 2016-17.



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

ANNUAL REPORT ON TRANSPARENCY AND DATA PROTECTION

Report of the Chief Fire Officer

Date: 22 September 2017

Purpose of Report:

To give Members an annual update on information governance at Nottinghamshire Fire and Rescue Service.

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1. BACKGROUND

- 1.1 Data protection and public sector transparency continue to be priorities for the United Kingdom (UK) government. In May 2018, new data protection requirements enter UK law via European regulations. The UK government is already planning domestic law to adapt these requirements post-Brexit. Risks from non-compliance include significant fines from the Information Commissioner and potential harm to the reputation of Nottinghamshire Fire and Rescue Service (NFRS).
- 1.2 The Fire Authority approved the new posts of Information and Governance Manager (IG Manager) and Information Technology Security Officer in 2016. These posts support NFRS to meet requirements under Data Protection law and transparency requirements, and reduce the risk of non-compliance. Both posts are key members of the NFRS Protective Security Group.
- 1.3 NFRS shares information with other agencies to reduce fire risk and to protect communities. Members are aware of the growing requirement for multi-agency working and the increasing role of technology within the day to day delivery of a public service. These factors make the operating environment more complex, demanding a greater focus on risk controls that are applied and sustained.
- 1.4 At the 28 April 2017 Policy and Strategy Committee it was agreed that NFRS would provide an Information Governance report annually to the September meeting of the full Fire Authority, covering:
 - Overview of freedom of information (FOI) requests.
 - Overview of environmental information requests.
 - Data protection areas of interest.
 - Report on Regulation of Investigatory Powers Act (RIPA) activity or inactivity.
- 1.5 This report covers Information Governance for April 2016-March 2017.

2. REPORT

FREEDOM OF INFORMATION

- 2.1 The Freedom of Information Act 2000 provides public access to information held by NFRS. It does this in two ways:
 - NFRS must publish certain information about activities, for example, financial information and service performance;
 - Members of the public can request any information NFRS holds. There are limited reasons to refuse such requests, for example, national security or a high cost to comply with the request.

- 2.2 Transparency, and having the 'right to know', is widely acknowledged as a key part of ensuring public confidence and trust from communities.
- 2.3 April 2016-March 2017 NFRS had 107 FOI requests. Information asked for included fire statistics, fleet lists and contract information.
- 2.4 In the five weeks after the Grenfell tragedy in June 2017 NFRS received nine detailed FOI requests asking about fire protection and high rises, mainly from the media.
- 2.5 Since the introduction of the IG Manager post, NFRS has substantially increased compliance with time limits for FOI request replies. The 12 months before the post holder started in July 2016 had 70% replies in time, compared to 87% in the 12 months since they were in post. In March 2017, the Information Commissioner raised the threshold for public authorities to be considered for monitoring if fewer than 90% of their FOI responses fall within the statutory time limits. In Quarter 1 of 2017/18 NFRS had 100% FOI replies in time.
- 2.6 NFRS now publishes a selection of FOI replies on the [NFRS public website](#) alongside information published about Service performance and finance. This approach further enhances the Authority's support for transparency and are grouped into four categories:
- Incidents and fire safety;
 - Finance and spending;
 - Staffing;
 - Governance and other.

ENVIRONMENTAL INFORMATION REQUESTS

- 2.7 The Environmental Information Regulations 2004 sit alongside the Freedom of Information Act to ensure public access to environmental information held by public bodies.
- 2.8 The Regulations affect NFRS in two ways:
- NFRS must make environmental information available proactively. For example, publish on our website policies, plans and programmes relating to the environment;
 - Members of the public can request environmental information NFRS hold. There are limited reasons to refuse such requests, for example, national security or it would cost too much to comply with the request.
- 2.9 No information requests received April 2016-March 2017 were classified as environmental information requests.

DATA PROTECTION

- 2.10 NFRS values the correct use of personal information as critical to successful operations and in keeping the confidence of the public, employees and stakeholders.
- 2.11 Data protection responsibilities affect all staff at NFRS, as all teams potentially deal with information about people – whether it is information about fellow staff or the public.
- 2.12 Currently responsibilities for correct use of personal information about individual members of the public and members of staff are set out in the Data Protection Act 1998. From 25 May 2018, the General Data Protection Regulation (GDPR) is effectively replacing the Data Protection Act 1998. The GDPR puts more legal requirements on organisations than the current Data Protection Act 1998. The GDPR also increases maximum fines for non-compliance.
- 2.13 Preparation for GDPR is underway at NFRS, including creation of an information asset register, undertaking an audit of compliance, and information security training as all departments at NFRS are affected by this work.
- 2.14 As highlighted frequently in the news, there is a risk of cyber-attack on any organisation. Due to the importance of protecting information NFRS use, including personal information, work is continually undertaken to keep NFRS cyber security measures up to date. The IT Security Officer supports NFRS work towards the adoption of recognised industry standards such as ISO27001, developing compliant policies and procedures as part of the ongoing work in relation to the Emergency Services Mobile Communication Programme (ESMCP). The adoption of these new policies will significantly improve NFRS cyber security and the protection of information and data within NFRS ICT systems.

REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

- 2.15 NFRS is authorised by the Regulation of Investigatory Powers Act 2000 (RIPA) to undertake directed surveillance for the prevention or detection of crime, the prevention of disorder, or in the interests of public safety.
- 2.16 There were no applications for directed surveillance investigations at NFRS under RIPA from April 2016 to March 2017.
- 2.17 The report by the Office of Surveillance Commissioners following their audit of NFRS in November 2016 noted NFRS had not used any RIPA investigations since their last audit in 2013. The report also reinforced that because NFRS have powers under RIPA, NFRS still needs to be ready to comply with the regulatory framework.

- 2.18 The Office of Surveillance Commissioners report was complimentary of NFRS, noting “the determination and enthusiasm which exists within the Service to perform to a high standard.”
- 2.19 Actions required of NFRS in the report, including more frequent training for authorising officers are now complete and will now inform actions to ensure the Service are well placed for sustained compliance and future audits.

3. FINANCIAL IMPLICATIONS

There are no financial implications of this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

All NFRS staff are required to complete information security training to help manage data protection information risk and this will be expanding in preparation for the introduction of GDPR during 2018, with support from subject matters experts. Demand in these areas continues to grow and officers will be reviewing the capacity available to ensure these demands can be most appropriately managed.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this is an information report with no recommended changes.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications of this report.

7. LEGAL IMPLICATIONS

This report is designed to give the Fire Authority assurance that NFRS is meeting its legal duties under Freedom of Information, Data Protection and RIPA.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 The Authority has improved governance arrangements, for example, the IG Manager role helps ensure NFRS meets Freedom of Information requirements, including the recommended 90% of replies within the legal time frame.
- 8.2 Work across the Service, led by the IG Manager, helps NFRS meet duties under Data Protection law. Measures includes reviewing data protection policies, checking information request processes, annual training for staff on information security and active contribution to the NFRS Protective Security Group.

- 8.3 Measures taken help NFRS protect personal information and reduce the risk of non-compliance with data protection requirements, reducing the risk of reputational damage to NFRS and reduce the risk of fines under the Data Protection Act, and, from May 2018, the General Data Protection Regulation.
- 8.4 Annual RIPA training is provided for all NFRS officers potentially involved in applying or authorising covert surveillance under RIPA. This reduces our risk of non-compliance and reduces the risk of prejudicing the value of any evidence gathered under RIPA.

9. COLLABORATION IMPLICATIONS

- 9.1 NFRS is working with Leicestershire Fire and Rescue Service where possible to share preparation for GDPR, for example, auditing compliance of the recording system for community safety activities.
- 9.2 The GDPR includes a new duty for notification of some information breaches to the Information Commissioner, with the IG Manager advising if notification is needed within a set timescale. There is the potential to investigate options for absence cover for this new duty with neighbouring FRs and Nottinghamshire Police. These options will be explored by officers and reported to the Fire Authority in a future report.

10. RECOMMENDATIONS

That Members note the contents of this report.

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

None.

John Buckley
CHIEF FIRE OFFICER



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: 22 September 2017

Purpose of Report:

To report to Members the business and actions of the Fire Authority committee meetings which took place in June/July 2017.

CONTACT OFFICER

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Chief Fire Officer

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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	30 June 2017
Finance and Resources Committee	07 July 2017
Human Resources Committee	14 July 2017
Policy and Strategy Committee	21 July 2017

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. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report, as the report seeks to provide Members with an update on the business and actions of Fire Authority committee meetings which have taken place in the last quarter.

10. RECOMMENDATIONS

That Members note the contents of this report.

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

None.

John Buckley
CHIEF FIRE OFFICER



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

COMMUNITY SAFETY COMMITTEE

**MINUTES of the meeting held at Nottinghamshire Fire and Rescue Service (NFRS)
Headquarters, Bestwood Lodge, Arnold, Nottingham, NG5 8PD on 30 June 2017 from
10.00 am - 11.44 am**

Membership

Present

Councillor Brian Grocock (Chair presiding at the meeting)
Councillor Andrew Brown
Councillor Patience Uloma Ifediora
Councillor Jonathan Wheeler
Councillor Malcolm Wood
Councillor Jason Zadrozny

Absent

Councillor Eunice Campbell, (Substituted by Councillor Malcolm Wood)
Councillor Nicki Brooks, (Substituted by Councillor Brian Grocock)

Colleagues, partners and others in attendance:

Wayne Bowcock - Deputy Chief Fire Officer, NFRS
Richard Cropley - Station Manager, NFRS
Dan Quinn - Area Manager, NFRS
Nick Spicer - Crew Manager, NFRS
James Welbourn - Governance Officer

1 APPOINTMENT OF CHAIR FOR THE MEETING

In the absence of Councillor Eunice Campbell, it was resolved for Councillor Brian Grocock to Chair the meeting.

2 APOLOGIES FOR ABSENCE

Councillor Nicki Brooks (substituted by Councillor Brian Grocock)
Councillor Eunice Campbell (substituted by Councillor Malcolm Wood)

3 DECLARATIONS OF INTERESTS

None.

4 MINUTES

The minutes from the meeting held on 24 March 2017 were agreed as a true record and signed by the Chair presiding at the meeting.

5 SERVICE DELIVERY PERFORMANCE

Dan Quinn, Area Manager at NFRS provided Members with an update on the performance of the Service Delivery Directorate.

The following points were highlighted:

- (a) new breathing apparatus is to be introduced over the next quarter. There will be a transition period to move from the old sets to the new;
- (b) a fire in a gym led to resources from Chesterfield being used. Resources from out of County were used due to them having the nearest available asset. Resources used are always the nearest available, irrespective of the Service and County boundaries;
- (c) when the crew are unavailable at a Retained Duty System (RDS) station the equipment is also unavailable. NFRS are looking at different crewing models to try and address this issue;

Following questions from Members, further information was provided:

- (d) a review of aerial ladder platforms has been undertaken at London Road and Mansfield Stations. With regard to high-rise buildings, Prevention and Protection teams are working closely with partners to identify any significant issues, as well as discussing the adoption of a fire tactical plan.

Also under consideration is the issue of access for aerial ladder platforms in certain areas of the County. Wayne Bowcock has recently chaired the Serious Risk Event Review, which asked for more statistical work on this issue. As a first step, crews will need to identify whether or not the aerial platform is suitable for different calls;

- (e) NFRS have access to modelling software that allows the identification of buildings over a certain height. This was used, in conjunction with Nottingham City Council (NCC) to identify every building in Nottingham over 18 metres in height. As a result, NCC has written to every building owner or occupier to recommend to them that they carry out a review of their fire risk assessment and take any necessary actions. NFRS can follow up this action with physical visits to sites;
- (f) the Chair of the National Fire Chief's Council has met with permanent secretaries. There is a meeting in the week beginning 3 July with all Chief Executives and senior officers from the respective District Councils, both the universities and the College;
- (g) schools have got quite specific fire safety management plans and they practice evacuation at regular intervals. Schools can generally evacuate quickly, with the possible exception of boarding schools who have the problem of 'sleeping risk' (boarding pupils);

- (h) Wayne Bowcock will write to Academy schools to ensure they are included in any discussions surrounding fire safety;
- (i) a 'special service call' refers to any call that doesn't fit within the scope of a regular fire call. These special calls could be rescuing animals, road traffic incidents or other types of incident not involving fires directly;
- (j) the incident recording system available to NFRS breaks down whether accidental dwelling fires are in public or private sector buildings.

RESOLVED to note the contents of the report.

6 RETAINED DUTY SYSTEM SUPPORT

Wayne Bowcock, Deputy Chief Fire Officer at NFRS updated Members on the governance arrangements for the support of Retained Duty System (RDS) staff.

The following points were highlighted:

- (a) there is a significant effort towards keeping retained staff. Currently at NFRS, there are 257 RDS staff employed; the majority of this number have employment elsewhere and give cover in their spare time. Historically there have been problems with daytime cover; one of the Group Managers at NFRS chairs a task group looking into this nationally;
- (b) the pay structure and remuneration systems for retained staff haven't been adequately modernised, which can lead to problems with keeping staff, this is being considered nationally;
- (c) over the last two decades the training requirements for retained staff have increased, and the technical nature of the job has become more complex;
- (d) a permanently established body, headed up by an NFRS Group Manager who works nationally has been started to look at issues affecting recruitment and retention;

Following questions from Members, further information was provided:

- (e) a new approach to recruitment is being taken at Misterton Fire Station to try and target individuals that could come and help NFRS. It can be difficult in areas like Misterton to attract retained staff as the old industries that provided shift work, which previously enabled individuals to offer their services to NFRS, are no longer as prevalent;
- (f) training students from Nottingham as retained firefighters is risky, as they will probably leave the city after they have finished their studies. However, the benefit is a fresh and youthful impetus into the workforce, along with the possibility of those individuals staying within the Fire Service, albeit in different parts of the country to Nottinghamshire;

- (g) the 'on-call review' has been running for over two years. It has increased the number of retained staff being brought into the Service; however, there have been more leavers. Managers who lead the retained sections come together on a quarterly basis.

Overall the approach has been successful, but has plateaued recently, which is why the sustainable model approach has been put forward.

RESOLVED to note the contents of the report and endorse the Service's approach to governance and support for Retained Duty System staff.

7 SAFE AND WELL PROJECT UPDATE

Richard Cropley, Station Manager at NFRS updated Members on the progress of the safe and well project.

The following information was highlighted:

- (a) 'safe and well' started out as a piece of work recognising that fire and rescue across the UK were seeing over a million people in their homes over the course of a year;
- (b) there is information sharing with NHS partners. There are service level agreements and a Memorandum of Understanding in place to make sure that information is shared securely;
- (c) NFRS is believed to be the only fire service in the country performing their safe and well check electronically. There are somewhere in the region of 5000 home safety checks over the course of the year;
- (d) three large stakeholder events have been held and were attended by over 80 partners. This has been effective in guiding NFRS on what they can provide to people in their homes;
- (e) the blood donor service have wanted to use fire stations; NFRS have talked to health partners about making this a wider health clinic. This is potentially an opportunity to speak to people who know vulnerable people in the community;
- (f) other areas that fire officer could collaborate with health partners with are:
- Falls prevention
 - Psychoactive substances
 - Beating bowel cancer
 - Stopping smoking
 - Mental health
 - Warmer homes;
- (g) the safe and well project is the second biggest the service is undertaking currently, at an estimated cost of £68,000. There has been a successful bid for £10,000 for technology; the opportunity exists to submit further bids to a transformation fund to develop Safe and Well, NFRS will work with Public Health England to access appropriate funding.

RESOLVED to note the contents of the report and continue to endorse the development of 'fire as a health asset' and specifically the safe and well project.

8 WORKING WITH RURAL COMMUNITIES

Nick Spicer, Crew Manager at NFRS updated Members of the Community Safety Committee on the prevention work which is taking place within the rural communities of Nottinghamshire.

The following points were highlighted:

- (a) 80% of Nottinghamshire is classed as being rural, with over 600 farms. If a member of the rural community is affected by rural crime they can feel isolated and vulnerable;
- (b) the Police and Crime Plan 2013-18 has identified that the north of the county is affected by rural crime. In 2016 there was an increase of 12.1% of rural crime reporting;
- (c) an arson reduction checklist is trialling in Edwinstowe in July; talking to farmers will be a key part of this;
- (d) Operation Decelerate looks at reducing road traffic collisions on rural roads. NFRS may get involved with education of drivers in conjunction with the Police. Nottinghamshire County Road Safety Partnership is also involved with this;
- (e) the Rural Community Safety Guide is similar to a guide produced by Lancashire Fire and Rescue, and will provide best practice advice, and safety measures for rural residents on a range of topics;
- (f) Police in Nottinghamshire have expressed a real interest in the introduction of a rural intervention vehicle.

RESOLVED to note the contents of the report and the ongoing work and development of collaboration between Fire, Police and partners, targeting the safety of rural communities.

9 FIRE PROTECTION PROJECT UPDATE

Wayne Bowcock, Deputy Chief Fire Officer at NFRS updated Members on two of the current projects being managed by the Fire Protection Team. These are:

- The use of operational crews to carry out hazard spotting activities in non-domestic premises, and;
- The use of a predictive incident risk scoring database to influence the service's risk based audit programme for non-domestic premises.

The following points were highlighted:

- (a) the responsibility for buildings' compliance with fire legislation shifted in 2005 from the fire service to the building owner/occupier they need to be fully responsible for safety standards and need a suitable risk assessment in place. If NFRS consider there to be

deficiencies in these standards, they can investigate, give advice, and potentially prosecute;

- (b) the opportunity to understand layouts of buildings is useful for any future events that may happen at those buildings;
- (c) operational crews are proposed to be used to carry out low level audits, and would gather risk information to support tactical plans;

Following questions from Members, further information was provided:

- (d) the fire service cannot go into the private areas of a suspected house of multiple occupancy (HMO). However, the local authorities do have some enforcement powers with environmental health; NFRS do not have any enforcement powers beyond communal areas;
- (e) NFRS were involved with the Police in investigating people trafficking and modern slavery. As a result, crews are being trained on how to deal with these issues and give advice to residents affected.

RESOLVED to support the increased use of operational crews in the reduction of risk in non-domestic premises.



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

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

**MINUTES of the meeting held at Fire and Rescue Services HQ, Bestwood
Lodge, Arnold Nottingham NG5 8PD on 7 July 2017 from 10.00 am - 11.12 am**

Membership

Present

Councillor Malcolm Wood (Chair)
Councillor John Clarke
Councillor Brian Grocock
Councillor Francis Purdue-Horan
Councillor Mike Quigley MBE

Absent

Colleagues, partners and others in attendance:

Simon Allsop	-	Derbyshire Fire and Rescue
Councillor Andrew Brown	-	observing
John Buckley	-	Chief Fire Officer, NFRS
Theresa Channell	-	Head of Strategic Finance
Craig Parkin	-	Assistant Chief Fire Officer, NFRS
Ian Pritchard	-	Head of Procurement and Resources, NFRS
James Welbourn	-	Governance Officer

1 APOLOGIES FOR ABSENCE

None.

2 DECLARATIONS OF INTERESTS

None.

3 MINUTES

The minutes of the meeting held on 31 March were agreed as a true record and signed by the Chair.

4 REVENUE AND CAPITAL OUTTURN FOR 2016/17

Simon Allsop of Derbyshire Fire and Rescue reported to Members on the financial performance of the Service in the year 2016/17.

The final position will also be reported in the Statement of Accounts for 2016/17 at the Combined Fire Authority meeting in September 2017.

The following points were highlighted:

- (a) as the Service looks at more collaborative projects timescales can be a little more difficult to predict;
- (b) NFRS are moving towards depreciating assets over 15 years. Previously, assets have been depreciated over 10, 12 or 13 years.

IT equipment is slightly different and has a lifespan of 5 years. Property assets are depreciated over the life granted by the valuation office. Most property assets have a lifespan of 30 years, although some are longer;

- (c) the demographics of certain areas within Nottinghamshire are not providing NFRS with the requisite number of shift workers any more. Some towns that have previously provided shift workers, such as Misterton or Southwell are now becoming dormitory towns.

Recruitment has been significantly increased, and there is a look towards a more attractive model for retained staff;

- (d) NFRS always try and avoid slippage within the accounts; sometimes this slippage could be down to projects lasting longer than a financial year. With a station build for example, this could last around 18 months.

Sometimes the purpose for a slippage might be a rethink, where NFRS can potentially make savings. The new transport strategy last year was more robust, due to learning provided by more thinking;

- (e) the National Joint Council (NJC) have put a pay award offer to the Fire Brigades Union (FBU) of a 2% increase. NFRS have budgeted for 1%; if the 2% was carried forward this may lead to an in-year deficit of £250,000 for NFRS.

The Chair thanked Tracey Stevenson and her team for all the work on this item.

RESOLVED to:

- (1) **note the contents of the report;**
- (2) **approve the total capital slippage of £1,679k to be carried forward to 2017/18.**

The breakdown of the slippage is as follows:

Transport	£297k
Equipment	£87k
Premises	£834k
ICT	£461k
Total	£1,679k

5 PRUDENTIAL CODE MONITORING REPORT TO MAY 2017

Simon Allsop of Derbyshire Fire and Rescue informed Members of performance for the three month period to 31 May 2017 relating to the prudential indicators for capital accounting and treasury management.

NFRS is mindful of best value – any investments should be prudent. There is no immediate borrowing need.

RESOLVED to note the contents of the report.

6 INTERNAL AUDIT ANNUAL REPORT 2016/17

John Buckley, Chief Fire Officer at NFRS introduced Rob Disney and Angela Wendels from Internal Audit at Nottinghamshire County Council.

The annual report includes the Internal Audit Strategy for 2017/18 to 2019/20.

The following points were highlighted:

- (a) Part B of the report summarises levels of assurance. There are three levels: limited, reasonable and substantial. In summary, the Authority has performed satisfactorily, and this feeds through to the annual governance statement;
- (b) limited assurance has been given to some ICT work on environmental controls, and has also been awarded to retained firefighters' remuneration. Positive responses to these issues have been received, as well as actions to tackle the limited assurance;
- (c) the 17/18 plan included in Part D of the report was agreed with the former Head of Finance at NFRS. It was a risk based approach that is being implemented flexibly;
- (d) Internal Audit will take a two-stage approach to follow-up work with finance colleagues within NFRS. The first stage will be an 'Management Assurance' approach, followed by a second stage of compliance testing assurance;

Following questions from Councillors, further information was provided:

- (e) retained staff have different arrangements for attending drill nights and training. Issues in the audit relating to remuneration of retained staff related to consistency of administration at certain stations.

In the future, payments will be recorded in a more structured way;

- (f) Internal Audit are focusing on the high priority recommendations for now, along with some of the medium priority issues.

RESOLVED to note the contents of the report and approve the Internal Audit Strategy for 2017/18 to 2019/20, as set out in Section D of the Internal Audit Annual Report 2016/17.

7 CORPORATE RISK MANAGEMENT

Craig Parkin, Assistant Chief Fire Officer provided Members with an overview of the Corporate Risk Management process and the current version of the Corporate Risk Register.

The following points were highlighted:

- (a) the key risks listed in the Appendix to the report are:
 - preventable deaths – the aim will always be to get this number down to zero;
 - mobilising risk. This is a risk with any organisation. This is recognised now that NFRS have transferred to the SYSTEL mobilising system;
- (b) the Airwave system is still used for emergency responders, although it is coming to the end of its life, with the Emergency Services Network (ESN) project being its replacement. ESN is the only option available; however, currently there are only handheld devices available. There is currently a 13 month delay on this project nationwide;
- (c) the use of service vehicles remains a high risk, and it is possible that this will be the case permanently. Lower speed issues are more the issue here rather than high speed driving;
- (d) a lot of effort internally goes into improving project management; this improved effort is required due to a reduction in resources and workforce. Reducing resources does sometimes have a knock on effect with slippage;

Following questions from Members, further information was provided:

- (e) transition to ESN was due to start towards the end of 2017, but this is now looking more likely to be 2019. It is also likely that there will be an incremental transition across the county to this service, rather than every service transitioning at the same time;
- (f) the Public Services Network (PSN) requires that bodies signed up to it need to meet a certain standard of cyber protection first.

RESOLVED to note the contents of the report.

8 ROAD RISK GROUP

Craig Parkin, Assistant Chief Fire Officer provided Members with an update of progress made by the Road Risk Group.

It has taken around 2 and a half years to reach this point with the Group. The intention is to go back and audit all of the arrangements over the next 12 months.

NFRS are working with Derbyshire Fire and Rescue on a joint approach to road risk, and this may give more consistency on issues such as driver training. Driver training was required this week after a fire engine was found to be in a ditch in Hucknall.

RESOLVED to note the contents of the report.

9 EXCLUSION OF THE PUBLIC

RESOLVED to exclude the public from the meeting during consideration of the remaining item 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.

10 ESTATES UPDATE

Ian Pritchard, Head of Procurement and Resources at NFRS introduced the Estates Update.

RESOLVED to approve the recommendations as listed in the report.



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

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

**MINUTES of the meeting held at Fire and Rescue Services HQ, Bestwood
Lodge, Arnold Nottingham NG5 8PD on 14 July 2017 from 10.01 am - 11.15 am**

Membership

Present

Councillor John Clarke (Chair)
Councillor Liaqat Ali
Councillor Andrew Brown
Councillor Vaughan Hopewell
Councillor Jackie Morris

Absent

Councillor John Longdon,
Substituted by Councillor Andrew
Brown

Colleagues, partners and others in attendance:

Wayne Bowcock - Deputy Chief Fire Officer, NFRS
Tracy Crump - Head of People and Organisational Development, NFRS
James Welbourn - Governance Officer

1 APOLOGIES FOR ABSENCE

Councillor John Longdon - annual leave

2 DECLARATIONS OF INTERESTS

None.

3 MINUTES

The minutes of the meeting held on 21 April were agreed as a true record and signed by the Chair.

4 REQUEST FOR UNPAID LEAVE

Wayne Bowcock, Deputy Chief Fire Officer at NFRS introduced a report outlining a request for a period of unpaid leave. The Head of this particular department has indicated that they are satisfied that the existing work can be picked up within the existing team structure,

RESOLVED to approve the request for unpaid leave.

5 WORKFORCE PLAN 2017-19

Wayne Bowcock, Deputy Chief Fire Officer at NFRS introduced a report reviewing the Corporate Workforce Plan for 2016-18, as well as informing Members of the updated plan for 2017-19.

The Workforce Plan is a key document helping NFRS to project future changes in the workforce.

The following points were highlighted:

- (a) there are approximately £2.25 million worth of savings needed by 2019;
- (b) the wholetime establishment used to include specialist rescue teams; these have been disbanded and absorbed back into two different locations. These stations now carry out specialist rescue in addition to general firefighting duties;
- (c) there are a reduced number of flexible duty officers;
- (d) NFRS is currently under-established – this has a knock-on effect into the collective agreement;
- (e) it can be difficult to keep hold of retained staff due to changes in the type of work available in small villages and towns (previously more shift work was available to allow workers to be available at other times to be a retained firefighter). There has been a big push over the last few years to try and be more flexible with retained staff; however, firefighting has become more technical, so training can be an issue for retained staff.

28 retained staff started last year, but over the course of the year, out of the total pool of retained staff, 37 have left;

Following questions from Councillors, further information was provided:

- (f) retained firefighters are remunerated at nationally agreed rates. There is an annual fee, along with payment for training nights, and a call-out fee paid when necessary. The payment system is antiquated.

Retained staff have to work or live within 5 minutes of their station;

- (g) Eastwood and Collingham Fire Stations are good examples of locations where retained firefighters get involved in medical call-outs. Collingham has just entered into the Emergency First Responder (EFR) trial, and they have responded to more EFR calls in six weeks than the total number of fire related calls they get in a year.

Expanding NFRS' role to medical emergencies is significant in local communities;

- (h) the presence of fixed term contractors in ICT is due to the enhanced ICT security that is needed at the present time;
- (i) the methodology used for turnover of staff is a prediction (based on knowledge from the previous year), so can turn out to be wrong. The prediction is made more difficult now as there are no statutory retirement dates anymore;
- (j) NFRS are going out to communities to try and encourage females and BME candidates to apply for new roles. Support is being put in place to help people through the application process;
- (k) the educational level expected of recruits is Level 2 for numeracy and literacy. Once in the role, Level 3 would be expected to be reached;
- (l) Gloucestershire Fire and Rescue and Greater Manchester Fire and Rescue have had significant success with female recruitment. Over 50% of participants on the recruitment course in Gloucestershire have been female.

It is understood that following positive action 40% of applicants within Greater Manchester were female;

- (m) the majority of long-term absences at NFRS are due to mental health issues or musculo-skeletal problems. Mental health issues are now more prevalent, and a lot of work has been done to de-stigmatise these issues;
- (n) debt counselling for all employees is provided through Westfield, MIND, or the firefighter's charity. Westfield have a 24 hour helpline;
- (o) changes to the workforce means that the rostering agreement is now out of date;
- (p) there is likely to be recruitment to wholetime firefighter positions in 2018 due to under establishment. It is anticipated that 24-27 people will leave the Service every year due to retirement and ill health;
- (q) the introduction of the Apprenticeship Levy means that from April 2017 2.3% of the organisation should be apprentices. This can be avoided by paying the Levy in full;
- (r) age will be a significant impact on the next generation of firefighters, particularly with regard to supporting those between the ages of 50 and 60.

If a firefighter gets to 55 and can no longer pass a fitness test, the authority can require them to retire or resign. An alternative is redeployment into a non-operational role; however, after changes to the Fire and Rescue Services Act 2004 there were a lot of staff redeployed into non-operational roles, and as a result, these roles no longer exist for other members of staff;

- (s) the pensions dispute between the Fire Brigades Union (FBU) and the government and fire service employers is still live, and is predicated on an appeal over age discrimination. The appeal is on 12 December;
- (t) the FBU learning fund provides money for staff to gain education and training. This year, the FBU asked if staff could have time off from their posts to attend. So far, 37 people have gone through a Level 3 NVQ in fitness advice.

The Chair and Members thanked Tracy Crump for the work that had gone into this report.

RESOLVED to note the contents of the report.

6 HUMAN RESOURCES UPDATE

Tracy Crump, Head of People and Organisational Development at NFRS updated Members on key human resources metrics for the period 1 April – 30 June 2017.

The following points were highlighted:

- (a) absence reduced by over 16% compared to the previous quarter. This is not a complete surprise, as quarter 4 includes absences from the winter season;
- (b) mental health issues tend to be long-term, and are dealt with on a case by case basis. There is support through Occupational Health, Westfield, and in some cases, a trauma counsellor;
- (c) there was a pending employment tribunal from the last quarter; this has now been struck out;
- (d) on leaving the service, employees get an exit interview as part of the leaving service.

RESOLVED to endorse the report.



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

POLICY & STRATEGY COMMITTEE

**MINUTES of the meeting held at Fire and Rescue Services HQ, Bestwood Lodge,
Arnold Nottingham NG5 8PD on 21 July 2017 from 10.00 am - 10.44 am**

Membership

Present

Councillor Brian Grocock (Chair)
Councillor Michael Payne
Councillor Jonathan Wheeler
Councillor Malcolm Wood

Absent

Councillor Andrew Brown
Councillor Sybil Fielding

Councillor Vaughan Hopewell
Councillor Liaqat Ali

Colleagues, partners and others in attendance:

John Buckley	- Chief Fire Officer
Malcolm Townroe	- Clerk and Monitoring Officer
Matt Sismey	- Equality and Diversity Officer
Catherine Ziane-Pryor	- Governance Officer

1 APOLOGIES FOR ABSENCE

Councillor Andrew Brown (Councillor Vaughan Hopewell substituting)
Councillor Sybil Fielding (Councillor Liaqat Ali substituting)

2 DECLARATIONS OF INTERESTS

None.

3 MINUTES

The minutes of the meeting held on 28 April 2017 were confirmed as a true record and were signed by the Chair.

4 REPORT OF INDEPENDENT REMUNERATION PANEL

Malcolm Townroe, Clerk and Monitoring Officer to the Authority, presented the report which informs members of the findings of the Independent Review Panel which examined members' allowances, and annual uplift arrangements.

The Panel found the existing arrangements to be fit for purpose, including the current application of inflators and the level of expenses.

It is noted that whilst there appears to be some disparity with allowances and inflators applied when considered against those of other Fire and Rescue Authorities (as in appendix C), the organisational structure, models, size, operation and responsibilities of members vary greatly between Authorities and so there cannot reasonably be a clear comparison.

RESOLVED for the findings of the Independent Review Panel regarding members' allowances and annual uplift arrangements to be accepted and forwarded to the full Fire and Rescue Authority meeting for adoption.

5 EX-GRATIA PAYMENTS

John Buckley, Chief Fire Officer, presented the report which requests the Committee consider increasing the ex-gratia payments available within policy at the discretion the Chief Fire Officer to from £200 to £500.

Members raised no concerns with the request but suggested that ex-gratia payments are reported to members annually.

RESOLVED

- (1) to agree that the Chief Fire Officer is given authority to approve claims for ex-gratia payments up to the value of £500;**
- (2) for details of ex-gratia payments to be reported to the Fire and Rescue Authority on an annual basis.**

6 SHAPING OUR FUTURE ORGANISATIONAL HEALTH UPDATE

Matt Sismey, Equality and Diversity Officer in the Organisational Development and Inclusion Team, presented the report of the Chief Fire Officer which updates the Committee on the organisational development of the Service, including recent past, current and future inclusion activities, as it moves towards a values based organisation with a focus on leadership instead of command and control.

The report details how the Service focuses on the following 3 key areas to ensure organisational health with a variety of approaches:

- an engaged and motivated workforce;
- high quality services;
- good governance and financial sustainability.

The following points were highlighted and member's questions responded to:

- (a) a staff satisfaction survey is undertaken twice a year with responses monitored and action taken to improve working conditions;
- (b) the staff suggestion scheme 'little acorns' is proving successful with a wide range of small to major improvements now implemented. The Chief Fire Officer has the discretion to make honorarium payments where suggestions are implemented and have a significantly positive impact;
- (c) winter and spring conferences have proved successful with approximately 200 staff voluntarily attending and actively engaging in each session. Attendees had access to an app called Slido which enabled participation by voting in polls and posing questions and suggestions without having to speak publicly;
- (d) locally relevant motivational posters have been produced which relate to feedback on local Service activity and achievements, providing a personal link for employees;
- (e) Watch Manger development days, Service Delivery Forums, the Springboard Leadership Programme for women, the Future Leaders Programme, and the Coaching and Mentoring Strategy are also included in the drive to develop staff and improve the service;
- (f) dyslexia is estimated to affect 10% of the population but is predicted to be of a particularly high proportion in the Emergency Services. The Organisational Development and Inclusion Team have established the Tri-Service Dyslexia Network with Derbyshire and Leicestershire Fire and Rescue Services and the assistive software 'TextHelp Read and Write Gold' is now available to all staff;
- (g) the Service continues to be placed in the Stonewall Top 100 employers;
- (h) workforce diversity remains a challenge, particularly as the Service has not recently recruited. Underrepresented groups are actively targeted for recruitment and although the Service generally attracts a proportion of applications which nearly matches the BME working population of 11.2%, it is frustrating that those applicants do not successfully progress through the recruitment process. It should also be acknowledged that some rural populations have a lower than average proportion of BME citizens, so BME applications from such areas will be lower;
- (i) staff continue to be engaged in the sustainability strategy and change process and there is an expectation that information shared at middle management meetings is cascaded to staff, ensuring that everyone is informed of changes and developments;
- (j) the National Pilot of the Emergency First Responder continues and is proving successful in saving lives which may otherwise have been lost, although there are complexities regarding the impact of firefighters who experience incidents in a very different environment to what they may otherwise have expected;
- (k) expansion of the health partnership continues with 'safe and well visits', 'FireFit' sessions and engagement at the New Community Safety Hubs;

- (l) future activity is proposed to include:
- i. embedding of the new 'NFRSLearn' learning management system;
 - ii. continued employee engagement;
 - iii. progress of the Aspiring Leadership Programme;
 - iv. more thorough engagement with stakeholders via 'MyNet' SharePoint;
 - v. recruitment of wholetime firefighters in 2018;
 - vi. participation in 'Tap the Gap'.

Members of the Committee were keen to highlight that in Local Government, that by ensuring that BME staff are visibly placed in senior roles, this had a positive effect on BME recruitment.

The Chair encouraged members to attend the Equalities meetings (which are held following full Fire and Rescue Authority meetings), to see the work being done to benefit staff and the Service.

Members welcomed the achievements to date and the planned activity of the Organisational Development and Inclusion Team.

RESOLVED to note the report.

7 EMERGENCY SERVICES NETWORK (ESN) UPDATE

John Buckley, Chief Fire Officer, presented the report which provides the Committee with a quarterly update on the Emergency Services Network (ESN) local activity and progress.

The current airwaves contract for emergency services and other public safety users is due to expire in 2020 so a secure integrated alternative with voice and broadband data services, using 3G/4G/5G, is required.

A Regional Programme Board has been established with representatives from each Fire and Rescue Authority to work towards developing and embedding ENS locally. NF&R have received a contribution of £791,000 from Central Government towards this work for which NF&R has established a dedicated team.

Initially ESN was predicted to be implementation ready by 2018; however schedule slippage has already occurred due to Central Government issues, and is predicted to slip further with implementation ability not predicted before 2019. As a result, further funding bids may be submitted from Fire and Rescue Authorities to cover or contribute to the additional costs as all initial bids were submitted on the understanding of a shorter schedule.

Members of the Committee were dismayed that Central Government schedule slippage is likely to have a financial impact on the Authority.

RESOLVED to note the contents of the report and agree to receive further updates as the project develops, including any costs to the Authority beyond Central Government funding.