



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

FINANCE AND RESOURCES COMMITTEE

**MINUTES of the meeting held at Fire and Rescue Services HQ, Bestwood Lodge,
Arnold Nottingham NG5 8PD on 13 October 2017 from 10.07 am - 11.07 am**

Membership

Present

Councillor Malcolm Wood (Chair)
Councillor John Clarke
Councillor Brian Grocock
Councillor Francis Purdue-Horan

Absent

Councillor Mike Quigley MBE

Colleagues, partners and others in attendance:

| | |
|-----------------------|--------------------------------------|
| John Buckley | - Chief Fire Officer |
| Theresa Channell | - Interim Treasurer to the Authority |
| Becky Smeathers | - Head of Finance |
| Ian Pritchard | - Head of Procurement and Resources |
| Catherine Ziane-Pryor | - Governance Officer |

11 APOLOGIES FOR ABSENCE

Councillor Mike Quigley – leave.

12 DECLARATIONS OF INTERESTS

None.

13 MINUTES

The minutes of the meeting held on 7 July 2017 were confirmed as a true record and signed by the Chair.

14 REVENUE AND CAPITAL MONITORING: 01 APRIL - 31 AUGUST 2017

Becky Smeathers, Head of Finance, presented the report of the Chief Fire Officer which informs the Committee of the financial performance of the Service from the start of the 2017/18 financial year until 31 August 2017, against the forecast outturn, identifying and explaining variances.

The following forecast variances were identified with further details and budget balancing solutions identified within the report:

| | | |
|--|--------------|------------|
| Wholetime pay (excluding overtime) | - overspend | - £282,000 |
| Control Pay | - overspend | - £73,000 |
| Firefighter Pensions | - overspend | - £465,000 |
| Business Rates | - overspend | - £231,000 |
| Capital Finance Budgets (interest charges) | - underspend | - £174,000 |
| Rent of Premises | - underspend | - £73,000 |

It is noted that funds to balance the budgets will be sought from earmarked reserves although some additional income and unexpected savings have occurred.

Member's questions were responded to as follows:

- (a) an additional £600,000 is required to fund the deficit identified in the Local Government Pension Scheme (LGPS) following its tri-annual actuarial valuation. This was paid in one lump sum using internal borrowing rather than over the 3 years permitted in order to save approximately £33,000 in interest;
- (b) since pension administration has been transferred to Leicestershire County Council, a further 5 individual historic errors have been identified going as far back as the 1970's. Assurance has been provided that errors did not relate to individual pension calculations but that costs should have been met by the Authority rather than the Pension Fund. It remains unclear if any further, broader errors may have been made and are yet to be identified. The errors found in the scheme result in an additional annual cost of £45,000, so maintaining a pension reserve of £309,000 is necessary;
- (c) the Pensions Regulator is aware of the historic issues with the Firefighter's Pension scheme and is encouraging all Boards nationally to undertake data audits. For the Nottinghamshire scheme this has already been done, but there is no room for complacency and a further review will take place next year;
- (d) a 1% pay rise has been presumed, but if 2% is announced, this will result in an additional cost of £300,000 per annum;
- (e) with regard to the variables which have occurred, the Medium-Term Financial plan won't be reviewed as the £45,000 pension short-fall can be met from reserves for 2017/18 and will be taken into account in future budgets;
- (f) the Service submitted an appeal against the £73,000 increase in business rates, but this was refused. It is noted that business rates have increase nationally.

Members expressed great concern at the historic pension mistakes and sought reassurance that the resulting financial pressures would not impact on current jobs and errors would be remedied as soon as possible.

RESOLVED to note the report.

15 PRUDENTIAL CODE MONITORING: 01 JUNE - 31 AUGUST 2017

Theresa Channell, Interim Treasurer to the Authority, presented the report which informs the Committee of performance against the prudential indicators for capital accounting and treasury management for the period between 1 June and 31 August 2017, for which no concerns have been raised.

With regard to Treasury Management Indicators, the interest earnings budget has been revised downwards from £66,000 to £53,000 to reflect the lower than anticipated interest rates.

It is predicted that interest charges on loans and the amount of debt will also be lower than predicted and no further long-term maturity loans have been acquired so far this year. As interest rates have been low, borrowing has been limited to short-term arrangements.

RESOLVED to note the report.

16 EXTERNAL AUDITOR APPOINTMENT

John Buckley, Chief Fire Officer, presented the report which informs the Committee that following a tender exercise in line with the Public Sector Audit Appointments Limited, Ernst and Young LLP has been appointed as External Auditors to the Authority.

RESOLVED to note the appointment of Ernst & Young LLP as the Authority's auditors from 2018/19 for five years.

17 TREASURY CONSULTANCY SERVICES CONTRACT RENEWAL

Becky Smeathers, Head of Finance, presented the report which informs the Committee that the contract for Treasury Consultancy Services, currently with Capita Treasury Solutions, has been extended for a year until the end of October 2018, to enable the Service to undertake a tender exercise.

RESOLVED to note the report.

18 ESTATES MANAGER POST AND REORGANISATION OF PROCUREMENT AND RESOURCES DEPARTMENT

Ian Pritchard, Head of Procurement and Resources, presented the report of the Chief Fire Officer, which updates the Committee on the reorganisation of the Procurement and Resources Department and the savings made to date.

The following points were highlighted and responses given to Members' questions:

- (a) the post of Estates Officer has been changed to Estates Manager with a grade increase from 6 to 9 (funded from non-pay budget) and additional responsibilities including project management work which previously was contracted out;

- (b) the cost of post upgrades is an additional £29,000 per year, however £218,700 annual budget saving are predicted as a result of the additional responsibilities and activity of the new posts;
- (c) comprehensive procurement and contract management procedures are now established;
- (d) areas of savings include:
 - blue light fitting to officers' cars by a local contractor (£33,000 pa);
 - early tendering of the Microsoft Enterprise Agreement (£30,000 pa);
 - re-tender of insurance cover (£97,000 pa);
 - Equipment savings (£15,000 pa);
 - Collaborative waste management with the Police (£1,200 pa);
- (e) the mind set of staff has been altered to identify the need, then consider what could be suitable to fulfil that need and the value for money provided. The final object can be different to that initially presumed;
- (f) there may be as much as a 50% reduction on the budgeted fleet order of £850,000, due to reconsideration of requirements, which could result in a substantial Capital Budget underspend and the possibility of selling vehicles sooner than previously but at the price paid;

The Committee welcomed the progress and achievements to date.

RESOLVED to note the report.

19 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.

20 HUCKNALL AMBULANCE STATION COLLABORATION

Ian Pritchard, Head of Procurement and Resources, presented the report of the Chief Fire Officer.

The Committee requested speedier progress.

RESOLVED to approve the recommendation as set out in the report.