



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 19 January 2018 from 10.01 am - 11.08 am

Membership

Present

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

Absent

Councillor Andrew Brown (observing)

Colleagues, partners and others in attendance:

John Buckley	- Chief Fire Officer
Craig Parkin	- Assistant Chief Fire Officer
Theresa Channell	- Interim Treasurer to the Authority
Becky Smeathers	- Head of Finance
Catherine Ziane-Pryor	- Governance Officer

21 APOLOGIES FOR ABSENCE

None.

22 DECLARATIONS OF INTERESTS

None.

23 MINUTES

Subject to the inclusion of Councillor Mike Quigley's apologies for absence due to leave, the minutes of the meeting held on 13 October 2017 were confirmed as a true record and signed by the Chair.

24 REVENUE AND CAPITAL MONITORING REPORT TO 30 NOVEMBER 2017

Becky Smeathers, Head of Finance, presented the detailed report which informs the Committee of the financial performance of the Service between 3 March 2017 and 30 November 2017 with variances from the budget identified.

It is noted that under the current and newly reviewed circumstances, dependant on the Authority's decisions regarding budgets, by the end of the financial year it will be necessary to utilise reserves which will result in an earmarked reserve of £2.1m and a general reserve balance of £7.3m.

Comments from members and responses to their questions included:

- (a) reserves are finite and it is not advisable to use them to support the budget in the longer term so allocation should be approached with caution;
- (b) there is no legal level of reserves to be maintained and it is for each Authority to determine the level which is believed to be appropriate against potential risks. It is anticipated that the Service will hold £7.3 million of general reserves at the end of this financial year but predicted that reserves will need to be further drawn upon in future years;
- (c) the Authority is aware of the level of Central Government funding to be provided up to 2020, and needs to ensure that the shortfall can be met by planning for the future;
- (d) in previous years the Authority has underspent in some areas which has enabled reserves to be topped up. With the current funds available and savings required it is not anticipated that underspends will occur to be able to replenish reserves.

RESOLVED to note the report.

25 BUDGET PROPOSALS FOR 2018/19 TO 2020/21 AND OPTIONS FOR COUNCIL TAX 2018/19

Becky Smeathers, Head of Finance, introduced the report which presents the Committee with budget proposals for 2018/19 to 2020/21 and the implications for Council Tax.

The report provides details (with assumptions clearly identified) on the predicted capital and revenue costs and known income. Also included are the projected potential income options resulting from below the referendum threshold rises in Council Tax, which Central Government has raised to 3%. It is noted that a Council Tax freeze grant is no longer available.

Theresa Channell, Interim Treasurer to the Authority, commented that Finance Team colleagues have worked hard, and continue to do so, to ensure the robustness of the budget, outcomes and ensure sustainability. Reserves are finite and flexibility is reducing and will be removed as reserves reduce. The current level of protected reserves of £4.4m will not be sustainable beyond 2018/19 if the council tax increase of 1.95% is applied, but will be sustainable into 2019/20 if an increase of 2.95% is applied, as illustrated in

Appendix C to the report. It is noted that any council tax increase will of course impact on future years budgets.

Questions from members of the Committee were responded to as follows:

- (a) the required savings target identified through the sustainability strategy is £1.65m. Whilst on course to make such savings in the longer term, unpredicted issues arising, such as the higher than expected pay rise and the increase of pay awards, strengthens the case for a rise in Council Tax;
- (b) savings in the region of £800,000 may potentially be achievable through crewing proposals. Further information on this will be provided to the next full Fire Authority meeting.

Members comments included:

- (c) it is premature to make a decision on reserves until it can be confirmed what level of savings can be achieved;
- (d) a 2.95% Council Tax increase is not unreasonable given the quality of services provided;
- (e) to ensure that all relevant information is considered further, more detailed information, including savings via collaboration, is required before a decision on recommendations to the full Authority should be made;
- (f) not all citizens can afford a rise to the extent of 2.95% and cumulatively financial impact on citizens will be significant;
- (g) the need to increase Council Tax is required due to the reduction of Central Government funding of the Service;
- (h) contrary to public perception, austerity measures are yet to be fully implemented. Frontline public services need to change but it is difficult to make a decision in the name of sustainability when the future is uncertain.

RESOLVED to make recommendations to the full Fire Authority to:

- (a) increase Council Tax to a maximum of 2.95%;**
- (b) approve the use of reserves as identified in the report to achieve a balanced budget as required by law.**

It is noted that Councillor Mike Quigley and Councillor Francis Purdue-Horan abstained from voting.

26 PRUDENTIAL CODE MONITORING REPORT TO NOVEMBER 2017

Becky Smeathers, Head of Finance, presented the report which informs the Committee of the performance against prudential indicators for the quarter period ending 30 November 2017, with regard to capital accounting and treasury management.

It is noted that although earnings from interest were below that budgeted for, all prudential indicators remained within the parameters agreed by the Authority and there are no areas of concern.

RESOLVED to note the report.

27 ANNUAL AUDIT LETTER 2016/17

Becky Smeathers, Head of Finance, presented the Annual Audit Letter 2016/17 provided by KPMG LLP, the Authorities External Auditors for that period. It is noted that a summary was presented to the full Fire Authority at the meeting on 18 December 2017.

The Annual Audit Letter states that the Service achieved good value for money and had appropriate arrangements for securing economy, efficiency and effectiveness in the use of resources. KPMG LLP has issued an unqualified audit opinion which raises no significant concerns.

RESOLVED to note the report.

28 CORPORATE RISK MANAGEMENT

Craig Parkin, Assistant Chief Fire Officer, presented the report which informs the Committee of the Corporate Risk Management process and highlights the high and very high risks identified.

The following risks were highlighted and are detailed within the report with existing and additional responses outlined:

- (i) availability of resources with regard to maintaining business continuity. The Policy and Strategy Committee will be updated on this issue, but it is likely that further finances will be required;
- (ii) Emergency Services Network (ESN). A systems replacement has resulted in a 14 month delay on the initial schedule which is now expected to extend to 2 years. The transition funding from Central Government was received eight months late. There is however some progress on the devices used which will be government subsidised, but the Service currently partially subsidises the project. Once implemented the equipment will be as-good-as, if not better, than that already in use, but far more secure. The new system does not rely on radios but is cutting edge technology with rubberised mobile phone handsets connected to a commercial 4G network for which emergency responders will have priority usage. If a major incident occurs and overall demand increases, the system provides the option to shut out access for all non-emergency service users, ensuring the network remains effective for emergency services. It is still not clear to what extent fire authorities will be expected to fund the system, but if the final business case varies significantly from that agreed, it will be presented to members;
- (iii) GDPR (General Data Protection Regulation) will replace the current Data Protection Act and come into force on 25 May 2018 , requiring complete compliance;

- (iv) Road risk. This has recently been highlighted when a fire appliance driver who was responding to an emergency, killed a pedestrian and was charged with death by death by careless driving. This has a huge impact, obviously not only on the person who has died and their family, but can result in massive compensation claims.

RESOLVED

- (1) **to note the report;**
- (2) **for members of the Committee to be informed of any notable changes to the Risk Register during the period between meetings, particularly with regard to the Emergency Services Network;**
- (3) **for the full risk register to be made available to members of the Committee.**

29 ICT STRATEGY UPDATE

Craig Parkin, Assistant Chief Fire Officer, presented the report which provides an outline update on the ICT Strategy, including the progress made in improving cyber security within the Service.

It is noted that there is a focus on the following four connected work streams within a continually reviewed work programme which aims to maintain security (including from cyber-attacks) and ensure that robust systems are in place to support the work of the Service:

- (i) Unified Communications;
- (ii) Unified Collaboration;
- (iii) Connected Workforce;
- (iv) Emergency Services Network.

There has been a huge culture change in the Service since the strategic review and introduction of the ICT Strategy in 2013. Server operating systems are kept up-to-date and information is backed-up regularly. The age and abilities of equipment is monitored to ensure the required security of systems can be appropriately maintained and is able to support developing systems. An extranet is being developed which will further enable communication with secure and trusted partners to support collaboration.

Ensuring that security is maintained through workforce behaviour is an aspect where specific education has been applied to embed secure thinking into day to day working.

The expansion of the ICT Team has been necessary and specialists have been engaged on fixed term contracts to provide the necessary capacity to deliver services. Further posts have been required to support the achievement of the 'code of connection' required in preparation for the Emergency Service's Network (ESN). Although some grant funding (Section 31 grant) has been provided by the Home Office to support ESN work, the Service has to absorb the remaining costs although it is hoped that further funding

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contributions will be provided as a result of the schedule slippage at Central Government level.

It is anticipated that further, modest funding in addition to the current budget will be required to support and ensure continued capability but the Committee will receive reports as and when required.

RESOLVED to note the report and agree to receive a further report to a future meeting to consider the outcomes of an assessment of risk and resources to proportionality manage identified risk.