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

Date: Friday, 17 December 2021 **Time:** 10.30 am

Venue: Nottinghamshire Fire and Rescue Service Headquarters, Bestwood Lodge Drive, 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

A handwritten signature in black ink, appearing to read 'M. P. Lane', written in a cursive style.

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

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12	Exclusion of the Public To consider excluding the public from the meeting during consideration of the following item in accordance with Section 100A of the Local Government Act 1972 (under Schedule 12A, Part 1, Paragraphs 1 and 3) on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information	
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Any councillor who is unable to attend the meeting and wishes to submit apologies should do so via the Personal Assistant to the Chief Fire Officer at Fire Services Headquarters on 0115 8388900

If you need any advice on declaring an interest in any item above, please contact the Governance Officer shown on this agenda, if possible before the day of the meeting.

**Governance Officer: Cath Ziane-Pryor
0115 8764298
catherine.pryor@nottinghamcity.gov.uk**

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<https://committee.nottinghamcity.gov.uk/ieListMeetings.aspx?CIId=224&Year=0>

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Nottinghamshire & City of Nottingham Fire & Rescue Authority

MINUTES of the meeting held at Nottinghamshire Fire and Rescue Service Headquarters, Bestwood Lodge Drive, Arnold, Nottingham, NG5 8PD on 24 September 2021 from 10.30am - 12.19pm

Membership

Present

Councillor Michael Payne (Chair)
Councillor Toby Neal (Vice Chair)
Councillor Steve Battlemuch
Councillor Scott Carlton
Councillor John Clarke
Councillor Robert Corden
Councillor Eddie Cubley
Councillor Bethan Eddy
Councillor Sybil Fielding
Councillor Tom Hollis
Councillor Patience Uloma Ifediora
Councillor Roger Jackson
Councillor Gul Nawaz Khan
Councillor Nick Raine
Councillor Jason Zadrozny
Commissioner Caroline Henry
Councillor Nicola Heaton

Absent

Councillor Callum Bailey
Councillor Johnno Lee

Colleagues, partners and others in attendance:

John Buckley	Chief Fire Officer
Candida Brudenell	Assistant Chief Fire Officer
Craig Parkin	Deputy Chief Fire Officer
Becky Smeathers	FA Head of Finance and Treasurer to the Fire Authority
Malcolm Townroe	Clerk and Monitoring Officer to the Fire Authority
Emma Powley	Governance Officer

20 Apologies for Absence

Councillor Callum Bailey
Councillor Johnno Lee

21 Declarations of Interest

Craig Parkin (Deputy Chief Fire Officer) sought advice from Malcolm Townroe - Clerk and Monitoring Officer to the Fire Authority regarding agenda Item 8 – Chief Fire Officer Vacancy, as a potential candidate.

As the report referred to the recruitment process and not an appointment, he was advised that he did not need to leave the room and it did not preclude him from speaking on the matter.

Councillor Michael Payne declared an interest in item 15 as Deputy Leader of Council of the relevant planning authority referred to in the exempt minutes. As such, he would leave the room and Councillor Toby Neal, the Vice-Chair, would Chair that part of the meeting.

22 Appointments

- a) Resolved: to note the appointment of Councillor Nicola Heaton to the Authority by Nottingham City Council**
- b) Resolved: to note the appointment of Councillor Nicola Heaton as a member of the Community Safety Committee in place of Councillor Patience Uloma Ifediora.**
- c) Resolved: to note the appointment of Councillor Patience Uloma Ifediora as a member of the Human Resources Committee**
- d) Resolved: to appoint of Patience Uloma Ifediora as Chair of the Human Resources Committee**

23 Minutes

The Authority confirmed the minutes of the meeting held on 23 July 2021 as a correct record and they were signed by the Chair

24 Chair's Announcements

The Chair made the following announcements:

- a) A members' seminar took place on 10 September 2021 and was well attended with slides circulated upon request.
- b) The Government had lifted all Covid restrictions and there had been a return to Business as Usual. However, good hygiene practices were still being promoted to keep infection rates to a minimum.
- c) Week commencing 20 September 2021 saw the start of the HMICFRS inspection. This will last for 6 to 8 weeks and the outcome would be expected to be reported back in summer 2022.
- d) The FBU were commended for their recent national campaign on Decontamination and the 'Decon-Training' being offered.

- e) The 9 September 2021 was Emergency Services Day with a 2 minutes silence held. The 11 September 2021 would mark the 20th anniversary of the 9/11 attacks in the United States.
- f) Nottingham Pride was held on the 11 September 2021; it was especially welcomed that there was such good attendance given the increase in crimes against LGBTQ people of whom the Fire Authority were a proud ally.

25 Treasury Management Annual Report 2020/21

Becky Smeathers, Head of Finance and Treasurer to the Fire Authority, presented a report providing Members with an update on treasury management activity during the 2020/21 financial year. The annual report has been prepared in compliance with CIPFA's Code of Practice. The following information was highlighted:

- a) A significant change has been adopted by the Bank of England with regards to implementing its inflation target of 2%; there was speculation that this may rise to 4% and therefore there remained a degree of volatility.
- b) The Authority did not take any short term borrowing during 2020/21. The Authority repaid £53.3k in principal on Public Work Loan Board (PWLB) annuity loans during 2020/21. No maturity loans were repaid and no new long term borrowing was taken.
- c) In May 2020, changes to the original 2020/21 Treasury Management Strategy and Prudential Indicators were approved by the Policy and Strategy Committee due to potential challenges due to the pandemic; these changes had been made in order to provide additional flexibility. This included an increase in the Operational Boundary from £31.8m to £33.85m, this being the expected borrowing position of the Authority within the year.
- d) The total external debt was well within the Authorised Limit and the Operational Boundary was not exceeded at any point during the year.

Following comments and questions from the Committee further information was highlighted:

- e) The timing of borrowing was cited as being critical and advice was always sought from the Treasury Management Advisors who had strict criteria for the Authority to meet for borrowing funds and specific low risk specified investments.
- f) Risk appetite for the Authority remained low and all investments made by the Authority had been with high level banks or building societies.
- g) Ethical aspects of the Authorities investments would be considered by the Nottingham Fire and Rescue Finance and Resources Committee; any agreement and advice given by the Committee would then be discussed and included in the strategy for approval next year.

Resolved to note the update on Treasury management activity during the 2020/21 financial year, as required under the Local Government Act 2003

26 Community Risk Management Plan 2022-2025

Candida Brudenell, Assistant Chief Fire Officer, introduced the report presenting the Committee with the draft Community Risk Management Plan 2022-25. The tenure of the Service's current Integrated Risk Management Plan ends on the 31 March 2022 and the Service is required to publish a new plan from the 1 April 2022. The following points were highlighted:

- a) The proposed plan was for 2022-2025 but it also sets out the 10 year ambition to become an 'Outstanding' Fire and Rescue Service.
- b) The process of compiling the draft plan had been lengthy as they had sought to engage with a number of stakeholders in order for the draft Plan to be meaningful. The plan had been written in 'plain English' with emphasis being placed on it being accessible and understandable.
- c) As part of the proposed consultation process, views and feedback will be sought on the six strategic goals. The strategic goals had been shaped by various consultees with various working groups and Councillors imputing their views during the drafting process. The Service has appointed an external consultation company to facilitate the independent consultation on the Risk Management Plan with the proposed date of the consultation running from the 8 October to 24 December 2021.

Following questions and comments from Members the following additional information was provided:

- d) Committee Members recognised that there was training of partners in other sectors to raise awareness of fire risks in the home, including by using the CHARLIE profile. This helped the Authority and community partners identify people at a higher risk and stated that it would be beneficial if this was circulated much more widely. It was suggested that it be circulated to the County Council, City Council, District Councils, the Police and the Police and Crime Commissioner. Members also requested that structured use of Communication should be used to maximise the importance of the profile.
- e) The Committee voiced concerns that the Fire Authority were still not listed as statutory consultees in the planning application process. In order to increase fire safety, it was considered necessary for the Fire Authority to be a consultee, especially in Nottingham City where there was a lot of student accommodation being built and converted and whilst there was some emphasis on 'designing out crime' there was little being done with regards to design out fires or making buildings more fire/smoke averse.
- f) Members thanked the Assistant Chief Fire Officer for her work on the Community Risk Management Plan, specifically the 'plain English' aspect of it.

Resolved to:

- a) Approve the contents of the draft Community Risk Management Plan 2022-25**
- b) Approve the consultation of the draft Community Risk Management Plan 2022-25 in line with the Service's Consultation Framework.**

27 Chief Fire Officer Vacancy

John Buckley, Chief Fire Officer introduced the report, seeking approval for the recruitment to the impending vacancy of Chief Fire Officer for when he retires on 15 April 2022. The following information was highlighted:

- a) Following the selection process an Appointments Committee will be convened to assess potential candidates. Recommendations will then be made to a future meeting of the full Fire Authority where the decision to appoint an individual will be made.
- b) The selection process for the future Chief Fire Officer will be robust and multi-faceted and will include multiple tests and interviews. The task of putting the recruitment process in place would be undertaken by the current Chief Fire Officer and the Clerk to the Authority; they, alongside the Head of People and Organisational Development would support Members of the Authority throughout the selection process.
- c) As part of the process, it was recommended that an external recruitment specialist be contacted to assist with the selection process, for which £30,000 had been set aside.

Responding to questions raised, the following information was given:

- d) The vacancy will be advertised widely and overtly and that the use of a recruitment specialist was advised as they would be able to reach out to potential candidates from a wider audience and it would also provide a level of transparency.

Resolved

- a) to task the current Chief Fire Officer and Clerk to the Authority to put in place a recruitment process for the Chief Fire Officer vacancy, in consultation with the Chair of the Authority; and,**
- b) to ask the Current Chief Fire Officer, Clerk to the Authority and Head of People and Organisational Development to support Members of the Authority throughout the selection process.**

28 National Core Code of Ethics

Craig Parkin, Deputy Chief Fire Officer, updated the Committee on the progress to implement the national Core Code of Ethics. It was explained that a Core Code of Ethics, developed by the National Fire Chiefs Council (NFCC) and the Local Government Association (LGA) and in partnership with the Association of Police and Crime Commissioners, was published in May 2021. The following points were highlighted:

- a) The Authority already has well embedded values and the Code would allow staff to know what behaviours would be expected of them with any poor behaviours witnessed being challenged.
- b) The Code is founded on the Nolan Principles in public service and applies not just to those in senior positions.
- c) An implementation plan has been developed to ensure that the code becomes embedded across the whole of the organisation and would build upon and enhance the current values of the Authority.
- d) The Committee agreed that they had a critical role as exemplars of the Fire Authority duelled with having the responsibility to hold the Fire Authority to account and to tackle any unwanted behaviours.

Resolved;

- a) To endorse the implementation of the National Core Code of Ethics**
- b) To note the review of the Employee Code of Conduct to align with the NFCC Core Code of Ethics.**

29 Joint Headquarters Collaboration Update

Candida Brudenell Assistant Chief Fire Officer, presented Members with an update on the Joint Headquarters collaboration project, the relocation of Nottingham Fire and Rescue Service to a Joint Headquarters with Nottingham Police at Sherwood Lodge having previously been approved. The following information was highlighted:

- a) The transition to the Joint Headquarters was being managed through eight individual projects.
- b) There had been ongoing work with staff and a number of forums had been established in order for relevant information to be shared with the work-force.
- c) The programme was currently running on time and within budget, with the first relocation of resources anticipated to be in November 2021 with the rest of the work-force relocating over the next 6 months.

In response to questions raised, the following information was noted:

- d) It was expected that the Nottinghamshire and City of Nottingham Fire and Rescue Authority meetings would continue to be held at Bestwood Lodge until the Annual General Meeting in June 2022.
- e) Whilst the transition was being undertaken the security of the building and the equipment within in was paramount and work was well underway to ensure that it would be secure.
- f) The Nottinghamshire Police and Crime Commissioner concurred that the transition was proceeding well and was currently running on time and within budget.

Resolved: to note the progress of the Joint Headquarters programme.

30 Annual Report of Information Governance 2020/21

Candida Brudenell, Assistant Chief Fire Officer, presented the report updating members on information governance at Nottinghamshire Fire and Rescue Service for the year 2020/21. The following information was highlighted:

- a) In March 2020 the information Commissioners Office announced that it recognised the Covid pandemic may affect organisations' timescales of compliance with public information rights.
- b) 108 Freedom of Information requests had been received between April 2020 and March 2021; 88% of these requests were replied to within 20 working days.

- c) No information requests received between April and March 2021 were classified as Environmental Information requests and no data incidents needed to be reported to the Information Commissioners Office in 2020/21.
- d) Work was continually undertaken to ensure that cyber security measures were up to date, with regular phishing campaigns and staff training being offered to reduce the risk of cyber-attacks.

Resolved: to note the contents of the report

31 Review of Statement of Intent

Craig Parkin, Deputy Chief Fire Officer presented the report advising Members that Nottinghamshire Fire Rescue Services' Written Safety Policy Statement of Intent had been reviewed to ensure that it remains current. The following information was highlighted.

- a) The Fire Service has a very good appetite for ensuring high standards of health, safety and welfare of all its employees and would continue to strive to ensure a safe and healthy working environment.
- b) Work had been undertaken to ensure that any Brexit related delays would not significantly impact the service and there continued to be close observations of supply chains and work with the procurement team to ensure that any potential delays could be avoided.

Resolved: to endorse the content of the updated Written Safety Policy to reaffirm the commitment to effective health and safety risk management for employees and other who are affected by the Service's activities.

32 Environment and Sustainability Policy Update

Craig Parkin, Deputy Chief Fire Officer presented the report updating Members that the Nottinghamshire Fire and Rescue Service's Written Environment and Sustainability Policy Statement had been reviewed to ensure that it remained current.

The following points were raised:

- a) The content of the current Environment and Sustainability Policy Statement communicates the commitment of both the Service and the Authority and reflects NFRSs approach to discharging its duty of care to minimise its impact on the environment.
- b) Nottinghamshire Fire and Rescue Service is fully committed to minimising the impact that the organisational activities have on the environment and numerous steps were being taken which included:
 - Setting targets on key aspects of our environmental performance and reviewing them periodically
 - Reducing carbon emissions from our buildings by investing in energy efficient design and technology during construction and refurbishment projects, better managing energy consumption and influencing colleagues' behaviour

- Reducing greenhouse gas emissions from vehicles by managing business travel, reducing the need to travel by the use of video conferencing and other technology, encouraging the use of public transport and other less polluting forms of transportation
 - Raising employee's awareness of environmental issues
- c) The committee requested that communications be stepped up for the 'Plant a tree for the Queen's Jubilee' event. Collaborative working on the campaign could highlight the positive environmental affect tree planting has and would contribute to the off-setting damage caused by fires.

Resolved to:

- a) **Endorse the Policy Statement to reaffirm commitment to the Environment and Sustainability Policy.**
- b) **Support a further in-year review to ensure that the Policy Statement aligns with the environmental and sustainability aspirations in the Community Risk Management Plan due for publication April 2022.**

33 Exclusion of the Public

The Authority decided to exclude the public from the meeting during consideration of this/ the remaining agenda 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 outweighed the public interest in disclosing the information, as defined in Paragraph(s) 3 of Part 1 of Schedule 12A to the Act

34 Exempt Minutes

As Councillor Michael Payne, Chair of the Authority had declared an interest and left the room, Councillor Toby Neal, the Vice-Chair, chaired the rest of the meeting.

Resolved: to approve the exempt minutes of the meeting held on the 23 July 2021



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

MEDIUM TERM FINANCIAL STRATEGY 2022/23 TO 2025/26 AND BUDGET GUIDELINES 2022/23

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

Date: 17 December 2021

Purpose of Report:

To present an update to the Medium-Term Financial Strategy to the Fire Authority for approval.

To inform Members of the likely budget position for 2022/23 and to request that the Fire Authority set general guidelines within which the Finance and Resources Committee will develop a detailed budget proposal for 2022/23.

Recommendations:

It is recommended that Members:

- Approve the Medium-Term Financial Strategy (MTFS) as set out in Appendix A.
- Approve the Capital Strategy and Flexible Use of Capital Receipts Strategy contained within the MTFS.
- Approve the Reserves Strategy contained within the MTFS.
- Approve the proposed minimum level of general fund reserves of £4.5m as set out in the Reserves Strategy.

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

Re-allocation of Earmarked Reserve

	Balance 31-Mar-22	Required 2022/23	Required 2023/24 to 2025/26	To be Reallocated
	£	£	£	£
LPSA Reward Grant	8,500	0	0	(8,500)
On Fire Fund - Fire Safety	59,713	0	0	(59,713)
Resilience Crewing and Training	289,801	0	0	(289,801)
New Threats / MTFA	51,441	0	0	(51,441)
Mobile Data Terminals	200,000	100,000	0	(100,000)
Covid recovery reserve	600,000	0	0	(600,000)
Transformation and Collaboration	1,438,419	661,586	0	(776,833)
Headquarters move system improvements	0	0	0	50,000
Budget Pressure Support	0	0	0	936,287
Efficiency Programme	0	0	0	900,000
Total	2,647,873	761,586	0	0

- Task the Finance and Resources Committee with providing guidance to the Fire Authority in February in respect of:
 - The options for Council Tax limited to either a Council Tax freeze or an increase in Council Tax within the referendum limit;
 - The options for addressing any budget deficit to enable the Fire Authority to approve a balanced budget, as required by law.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 The Fire Authority has a number of strategies in place to support the proper financial management and governance of the Authority.
- 1.2 The Medium-Term Financial Strategy (MTFS) provides an overarching view of the way in which the Authority's finances will be managed and it brings together various related financial strategies in one cohesive document. It demonstrates how the Authority's resources are used to support the Authority's Community Risk Management Plan (CRMP) and other key strategies and plans.
- 1.3 The updated MTFS builds on the strategy approved by the Fire Authority in November 2020 and covers the four-year period from 2022/23 through to 2025/26.
- 1.4 This MTFS has been written against a backdrop of financial and economic uncertainty. October's Comprehensive Spending Review provided headline figures for public expenditure but draft settlement figures for individual authorities will not be known until late December. Similarly, there remains uncertainty around inflation which in turn will impact on pay awards. For this reason, the Strategy considers several funding scenarios.
- 1.5 In addition to funding, there are many other areas of uncertainty inherent in budget planning and the budget requirement figures contained within this report will be estimates. Nevertheless, the Authority must consider its budgetary position going forward and provide the Finance and Resources Committee with guidance as to the parameters within which to develop a budget proposal for 2022/23 and beyond, before final budget proposals are considered by the Fire Authority in February 2022.
- 1.6 The Reserves Strategy, Capital Strategy and 10-year Capital Plan form part of the MTFS.

2. REPORT

ISSUES IMPACTING ON THE BUDGET

- 2.1 The MTFS is attached in full to this covering report. It considers the current financial position of the Authority and looks at the estimated budgetary position over the next four years against a backdrop of both the national and local financial position, including the levels of reserves that the Authority holds.
- 2.2 When the Authority set the budget in February 2021, it was the first year for several years that general fund reserves were not required to balance the

budget. Current budget monitoring indicates that expenditure is largely in line with the budget, with a potential for a minor overspend.

- 2.3 The economic climate for 2022/23 is uncertain at present. In October 21, inflation increased to 4.2% (Consumer Price Index – CPI) and is expected to reach 5% over the coming months. It is likely that this will influence 2022/23 pay awards. With income only expected to increase in the region of 2%, any pay award above this level will create a pressure on the budget. The financial cost to the service of a 1% increase in pay is approximately £330k. A 3% pay increase has been assumed in the MTFS.
- 2.4 Gas inflation is 28%, fuel inflation 22% and electricity 19% - these are significant budgets for the service and could increase costs by as much as £200k should inflation rates continue at this level throughout the year.
- 2.5 Inflation and pay increases will similarly impact on our suppliers and contractors. Some contracts are linked to inflation and additional costs in this area can be expected.
- 2.6 The draft Community Risk Management Plan (CRMP) is out to public consultation until 24 December 21. The CRMP, once finalised, will set the template for service improvement in the coming years. The 2022/23 proposed budget contains an element of growth to deliver the early stages of the CRMP, but funding will need to be found to finance this growth in future years.

COUNCIL TAX

- 2.7 It is still too early for the Government to have produced provisional settlement information and consultation on the maximum limit for the amount Council Tax can be increased before invoking a referendum. Whilst it is probable that this limit will be set at 2% as in previous years, the Fire sector have requested the flexibility to increase council tax by £5 to enable investment in future services, although it is considered unlikely that this will be approved.
- 2.8 Council Tax for the Fire Authority is currently £82.95 at Band D. A 1.95% increase would raise it by £1.62 to £84.57 per year which equates to £1.63 per week. A £5 increase would raise it to £87.95 - £1.69 per week.

RESERVES STRATEGY

- 2.9 The Local Government Act 2003 requires that Authorities maintain adequate reserves and provisions to help ensure that the medium-term policy programme is sustainable and that it can be delivered. In accordance with good accounting and financial practice, reserves and provisions will always be held in the accounts where appropriate. The Authority's Reserves Strategy is attached at Appendix 3 of the MTFS for approval by Fire Authority.
- 2.10 Total estimated Reserve levels as at 31 March 2022 are £9.5m, consisting of £5.0m General Reserve and £4.5m Earmarked Reserves.

2.11 The authority reviews the levels of reserves it requires annually as part of the Reserves Strategy. A minimum level of £4.5m has been proposed for 2022/23, which remains the same as 2021/22, although several adjustments have been made to reflect changes in risk. The three highest areas of identified risk are detailed below (see section 2.12 of the Reserves Strategy for more information):

- Pay award above rate included in the budget;
- Pension related issues (due to McCloud, the 2020 revaluation and Matthews/O'Brien case);
- Significant budgetary overspend.

2.12 A review of the Earmarked Reserves has been undertaken in the Reserves Strategy. This has identified £1.9m of available reserves either are no longer required or have not yet been allocated to projects. It is proposed that these be used to create a £900k Efficiency Reserve to identify and evaluate areas where future efficiencies can be made, and a £936k reserve to provide budget pressure support to help with the increases in costs outlined earlier in this report. Details can be seen in the table below.

Re-allocation of Earmarked Reserve

	Balance 31-Mar-22	Required 2022/23	Required 2023/24 to 2025/26	To be Reallocated
	£	£	£	£
LPSA Reward Grant	8,500	0	0	(8,500)
On Fire Fund - Fire Safety	59,713	0	0	(59,713)
Resilience Crewing and Training	289,801	0	0	(289,801)
New Threats / MTFA	51,441	0	0	(51,441)
Mobile Data Terminals	200,000	100,000	0	(100,000)
Covid recovery reserve	600,000	0	0	(600,000)
Transformation and Collaboration	1,438,419	661,586	0	(776,833)
Headquarters move system improvements	0	0	0	50,000
Budget Pressure Support	0	0	0	936,287
Efficiency Programme	0	0	0	900,000
Total	2,647,873	761,586	0	0

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

OUTLOOK FOR 2022/23, 2023/24 AND BEYOND

- 2.14 Whilst detailed expenditure budgets are still being developed, where additional costs are already known, these have been included in the budget requirement.
- 2.15 Given the uncertainty discussed in this strategy, three scenarios have been considered – a worst case, a likely case, and a best scenario. These can be found in section 6 of the MTFs. A summary of this can be found in the table below.

Scenario	Deficit / (Surplus) Position 2022/23 £'000	Comments / Assumptions
Worst Case	2,346	<ul style="list-style-type: none"> • 5% pay award • 2% increase in income • Local Council Tax Support Income is not continued (£500k) • £1m temporary internal savings made • Costs increase by £200k more than currently anticipated due to inflationary pressures • 1.95% increase in Council Tax approved
Most Likely Case	806	<ul style="list-style-type: none"> • 3% pay award • 2% increase in income • Local Council Tax Support Income is continued (£500k) • £1m temporary internal savings made • Costs increase by £200k more than currently anticipated due to inflationary pressures • 1.95% increase in Council Tax approved
Best Case	(826)	<ul style="list-style-type: none"> • 2% pay award • £1m temporary internal savings made • £5 increase in Council Tax – Would require £3 increase to break even. A zero increase would create an £0.8m deficit.

- 2.16 All the cases considered above assume that the service makes £1m temporary savings during 2022/23 in an attempt to reduce the deficit. Some of this is reversed in 2023/24, meaning that the position worsens in future years by around £600k
- 2.17 The scenarios show the position should a 1.95% increase in Council Tax be approved. This increase provides additional income in the region of £500k. If Members choose to keep Council Tax at 2021/22 levels, the position shown above will worsen by this amount, with the most likely scenario having a £1.3m deficit.

SUSTAINABILITY AND EFFICIENCY

- 2.18 The Authority set a balanced budget for 2021/22 following several years where General Fund reserves were required to balance the budget. Even though the financial position set out in the MTFs is based on early estimates of funding and expenditure which may still change, it is clear that some efficiencies are likely to be necessary to bring the service back into a balanced budget situation.
- 2.19 The CRMP, once finalised, will set the template for service improvement in the coming years. The 2022/23 proposed budget contains an element of growth to deliver the early stages of the CRMP, but funding will need to be found to finance this growth in future years.
- 2.20 Once the funding position is known with more certainty (February 2022) and the CRMP has been revised to reflect the outcome of public consultation which ends in December 21, it will be necessary to review current services and align them to the new CRMP. This will need to be done within the current funding envelope. In order to achieve this an efficiency strategy is proposed to realign services and fund the proposed changes. This will cover both revenue budgets and the capital programme.
- 2.21 Within the Reserves Strategy, £900k has been identified to fund the work required to develop the Efficiency Strategy and enable any transitional period should the strategy require time to be implemented.
- 2.22 An Efficiency Strategy will be presented to Policy and Strategy Committee on 6 May 22.

PROPOSED GUIDELINES

- 2.23 The meeting of the Finance and Resources Committee in January 2022 will be presented with the latest budgetary position. Although funding levels, Council Tax base and business rate estimations will not have been finalised by then, the provisional settlement will have been released and the Authority should have more detailed expenditure estimates. Therefore, the Committee will have some information about the overall three-year budgetary plan to provide guidance to the Fire Authority meeting in February.
- 2.24 The Authority's total funding for the revenue budget comprises the external funding elements, as well as Council Tax precept. Whilst the amount of external funding cannot be directly influenced by the Fire Authority, the amount of the Council Tax precept will be set by the Fire Authority in February. It would seem appropriate therefore for the Finance and Resources Committee to focus on two areas:
- a. The options for Council Tax to be recommended to the Fire Authority in February.

- b. The options for eliminating any budget deficit to enable the Fire Authority to approve a balanced budget, as required by law.

2.25 The Authority has a number of options for Council Tax:

- a. Reduce Council Tax;
- b. Maintain Council Tax at the 2021/22 level;
- c. Increase Council Tax by an amount lower than the referendum limit (section 2.7);
- d. Increase Council Tax by an amount higher than the referendum limit.

2.26 The option to reduce Council Tax would present the Authority with an increased budgetary deficit to manage, as would the option to increase Council Tax by an amount higher than the referendum limit. For the latter option this is because a referendum would be triggered which would result in significantly increased costs to the Authority. In the current financial environment, the options in Paragraphs 2.32 b) and c) are considered to be the most appropriate parameters within which the Finance and Resources Committee should work.

2.27 If a budgetary position which shows a funding deficit is presented to the Finance and Resources Committee, then this will require consideration of suitable options to eliminate this deficit. The options would depend upon the size of any deficit but may include:

- Tasking the Chief Fire Officer with proposing further savings for consideration by the Fire Authority.
- Planning the use of general reserves to support the budget whilst further budgetary savings are planned and implemented.

3. FINANCIAL IMPLICATIONS

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

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

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

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because there are no equality implications.

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 primary corporate risk is that sufficient financial resources are not available to the Authority. An early guide for the Finance and Resources Committee in terms of the development of the budget will help to manage this risk.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Approve the MTFS as set out in Appendix A.
- 10.2 Approve the Capital Strategy and Flexible Use of Capital Receipts Strategy contained within the MTFS.
- 10.3 Approve the Reserves Strategy contained within the MTFS.
- 10.4 Approve the proposed minimum level of general fund reserves of £4.5m as set out in the Reserves Strategy.
- 10.5 Approve the re-allocation of Earmarked Reserve as detailed in the Reserves strategy and set out in the table below:

Re-allocation of Earmarked Reserve

	Balance 31-Mar-22	Required 2022/23	Required 2023/24 to 2025/26	To be Reallocated
	£	£	£	£
LPSA Reward Grant	8,500	0	0	(8,500)
On Fire Fund - Fire Safety	59,713	0	0	(59,713)
Resilience Crewing and Training	289,801	0	0	(289,801)
New Threats / MTFA	51,441	0	0	(51,441)
Mobile Data Terminals	200,000	100,000	0	(100,000)
Covid recovery reserve	600,000	0	0	(600,000)
Transformation and Collaboration	1,438,419	661,586	0	(776,833)
Headquarters move system improvements	0	0	0	50,000
Budget Pressure Support	0	0	0	936,287
Efficiency Programme	0	0	0	900,000
Total	2,647,873	761,586	0	0

10.6 Task the Finance and Resources Committee with providing guidance to the Fire Authority in February in respect of:

- The options for Council Tax limited to either a Council Tax freeze or an increase in Council Tax within the referendum limit;
- The options for addressing any budget deficit to enable the Fire Authority to approve a balanced budget, as required by law.

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

None.

Becky Smeathers
TREASURER TO THE FIRE AUTHORITY

John Buckley
CHIEF FIRE OFFICER



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Medium Term Financial Strategy

2022/23 to 2025/26



MEDIUM TERM FINANCIAL STRATEGY

2022/23 to 2025/26

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SECTION 1: PURPOSE AND OBJECTIVES OF THE STRATEGY

PURPOSE OF THE STRATEGY

- 1.1 The purpose of the Authority's financial strategy is to provide clear and understandable information on actions which are needed to ensure the long term financial sustainability of the Authority. It supports affordable, sustainable service delivery throughout the planned use of revenue budgets, capital budgets and reserves.
- 1.2 A medium-term financial strategy (MTFS) sets out how finances are to be managed in such a way as to manage levels of Council Tax, reserves and balances. In simple terms, it will set out how a stable and robust financial platform can be created such that developments and improvements in services set out in the CRMP can both be achieved and sustained over time.
- 1.3 The Strategy should reflect the priorities outlined in the CRMP (Community Risk Management Plan – CRMP) and link together with all other strategies of the organisation such as the Capital Strategy, Treasury Management Strategy and Reserves Strategy.
- 1.4 The objectives of the Authority's financial strategy are as follows:
 - a) To provide a stable financial foundation to assist in decision making.
 - b) To be fully cognisant of other supporting plans and strategies such as the CRMP, Workforce Plan, equalities objectives and ICT strategies to provide a cohesive framework.
 - c) To enable the Authority to be proactive rather than reactive in terms of financing.
 - d) To support the continuance of the Authority's core service strategies.
 - e) To support sustainable service delivery using revenue budgets and reserves.
 - f) To seek to minimise the impacts on the Council Tax payer of fluctuations in demand for resources.
 - g) To hold a working balance of cash and reserves sufficient to respond to unexpected events and/or opportunities.
 - h) To be flexible and responsive to changes in needs and legislation.
 - i) To take account of the wider economic climate and local influences.
 - j) To ensure that the capital base of the Authority can be maintained within affordable and sustainable limits.
 - k) To provide forward looking indications of Council Tax levels.
- 1.5 A number of principles have been developed to underpin these objectives:

- a) Resources will be prioritised to meet the core aims of the Service as set out in the CRMP and other strategies which flow from the CRMP.
- b) Priorities will be reviewed in the light of available resources and financial performance.
- c) Priorities will be influenced by the Corporate Risk Register.
- d) Capital will be financed using the most advantageous method prevailing at the time finance is required within the requirements of the Prudential Code. A full options appraisal will be carried out before financing decisions are taken.
- e) Investment decisions will be based on a balance of risk and return, remain biased towards low risk activity and follow the CIPFA principles of security, liquidity, and yield in that order.
- f) Council Tax rates will be transparent and sustainable. This means that budgets will not be lowered and supported by reserves unless this is part of a long-term sustainable strategy and approved by Members.
- g) Charging for services will remain sensitive to the needs of communities and their expectations of the Service.
- h) Sponsorship funding will not be sought to underpin front line or core service delivery unless a long-term plan for sustainability has been developed.
- i) The Authority will continue to direct resources to the areas of greatest need within communities and seek to address the wider safety agenda. This will be influenced by the Fire Cover Review which will be reviewed over the coming months.
- j) The Authority will actively seek to collaborate with partner organisations in both setting and delivering priorities, as set out in the Collaboration Strategy.
- k) The Authority will apply any year end surpluses / deficits to general fund reserves.
- l) Longer term financial planning will take account of the possible use of reserves to minimise the effect of reductions in funding as a means of transition, but not of permanent support.

FINANCIAL MANAGEMENT

- 1.6 The process for the preparation of revenue budget continues to develop each year to accommodate the changing priorities outlined in the CRMP.
- 1.7 Budget managers are fully involved in developing revenue and capital budgets to ensure that annual budgets accurately reflect demand levels and cost pressures. Inflation is built in where necessary and not applied at a flat rate across the board.

- 1.8 Salary budgets reflect staffing levels outlined in the workforce plan and pay inflation is estimated at the time of setting the budget.
- 1.9 The Finance and Resources Committee has full involvement in the process and the Chair of the Finance and Resources Committee plays an active part in understanding the underlying detail within the budgets. The Finance and Resources Committee makes recommendations to the Fire Authority.
- 1.10 The External Auditors of the Authority have consistently issued unqualified audit reports and positive management letters to the Fire Authority in respect of their audit of accounts and their conclusion on the effective arrangements in place to achieve value for money. At the time of writing this MTFs, the 2021/22 Statement of Accounts has not yet been audited.
- 1.11 The prevailing economic climate has caused increased financial pressures to be placed upon all public sector bodies and the Fire Service is no exception. The overall funding position remains uncertain over the next three years.
- 1.12 The challenge to the organisation however is not how to survive in this period of uncertainty but how to continue to both provide and develop high quality services for the communities it serves. Finance is a clear enabler in this context and sound financial management is essential to ensure that maximum value can be achieved with the resources available.
- 1.13 The organisation will continue to manage its financial resources to the highest professional standards and back this up with a strong governance framework which will include scrutiny by the Finance and Resources Committee (both generally and as an Audit Committee) and regular reporting to elected members and the Strategic Leadership Team. In addition, an independent Internal Audit function is maintained to give additional assurances to both Members and Senior Officers. The service follows the Financial Management Code published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.14 The post of Head of Finance and Treasurer is responsible for developing and maintaining the Medium Term Financial Strategy and this post reports directly to the Chief Fire Officer.

SECTION 2: ECONOMIC CONTEXT OF THE STRATEGY

- 2.1 The current economic climate is increasingly uncertain and may yet be influenced by the new variant of Covid-19.
- 2.2 In October 21, inflation increased to 4.2% (Consumer Price Index – CPI) and is expected to reach 5% over the coming months. It is likely that this will influence 2022/23 pay awards. Gas inflation is 28%, fuel inflation 22% and electricity 19% - these are significant budgets for the service and could increase costs by as much as £200k should inflation rates continue at this level throughout the year. Bank of England projections see inflation rates falling back to 2% over a 3 year period.
- 2.3 At its meeting on 4th November the Monetary Policy Committee (MPC) voted 7-2 to leave bank rate unchanged at 0.10% and made no changes to its

programme of quantitative easing purchases. This was contrary to the expectations of the financial markets, which had built in an expectation that bank rate would be increased to 0.25%. However, this is expected to be a temporary delay and rates are expected to be raised over coming months if the economy performs as expected.

- 2.4 The MPC revised down expectations for 2021 growth to 7%, with the economy expected to return to its pre-pandemic level by Q1 2022. Growth expectations for 2022 were reduced from 6% to 5%, and growth is then expected to slow sharply to 1.5% in 2023 and 1% in 2024.
- 2.5 Over the next year the MPC will be attempting to combat high inflation whilst not dampening growth. Growth already faces challenges in the form of supply shortages, labour shortages, surging fuel prices and tax increases. However, the impact of these challenges will be at least partially offset by consumers spending at least part of the £160bn+ of excess savings accumulated during the pandemic, although it is possible that people may be content to hold onto their savings and investments and therefore not support economic recovery to the extent that the MPC may forecast.

SECTION 3: ISSUES IMPACTING ON THE BUDGET

COVID-19

- 3.1 Covid-19 continues to have a significant impact on the service's finances. An element of unspent grant, reduced prevention and protection activity, delays to capital projects and difficulties in procuring supplies and equipment led to a £1m underspend in 2020/21. This was transferred to Earmarked Reserves to either fund delayed expenditure or assist with the recovery from Covid-19.
- 3.2 Service activity has largely been back to normal levels in 2021/22 and revenue expenditure is slightly above budgeted levels. There remain shortages in some goods and services which has resulted in delayed delivery times and an increase in inflation. Inflationary pressures are of a particular concern in the areas of gas, electric and fuel.
- 3.3 The full impact of the pandemic is yet to be fully understood. Initial indications are that Council Tax collection levels have remained stable. However, the impact on Business Rate collection remains uncertain as the full impact of the ending of Business Rate holidays is not yet known (see Section 4). For this reason, this MTFS considers the impact of differing levels of Business Rate income.

Corporate Risk Management Plan – CRMP (formerly known as Strategic Plan)

- 3.4 The draft [CRMP](#) 2022-25 is out to public consultation until 24 December 21, including some consultation on budget levels. Both the CRMP and other plans and strategies are used to drive the budget. The strategic objectives set out in the CRMP will be used to prioritise requests for additional funding.
- 3.5 The service has also undertaken a Fire Cover Review of the county which has been used to inform the CRMP. The review also helps identify where provision can be improved or undertaken in a more efficient manner. Any

opportunities for efficiencies will be explored and used to inform the Service's Efficiency Strategy (see section 7).

HMICFRS INSPECTION

- 3.6 The Service was inspected by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) in October 2021. The outcome of the inspection will not be released until spring 2022. The report may have an impact on future years budgets if funding needs to be found for areas for improvement not already identified in the CRMP.
- 3.7 The service underwent a Covid-19 inspection in October 2020. HMICFRS found the service had adapted and responded to the pandemic effectively and had no difficulty in meeting its statutory duties. The report recognised how the service had provided additional support to the community during the pandemic. This was made possible through the effective use of additional grant provided by the Government.
- 3.8 The inspection process required a significant amount of data collection and officer time. This is an ongoing process as the service responds to the outcome of the recent inspection and prepares for the next.

PENSIONS

- 3.9 The remedy is close to being agreed for the McCloud case, where the transition arrangements into the 2015 firefighters' pension scheme were found to be discriminatory. There are likely to be significant increase in the cost of the firefighters' pension scheme because of the case. These are expected to be largely funded by Central Government but additional costs falling to the Fire Authority cannot be ruled out. This is included in the General Fund reserves risk register (Appendix 3).
- 3.10 There is a further potential impact on fire services resulting from a case identifying discriminatory conditions against part time workers. This could lead to further backdating to the Modified pension scheme which allowed on call firefighters to join the pension scheme and buy back service to 2006. When the Modified scheme was created, backdated costs were met by the Government, but as of yet there is no certainty that this will happen if the scheme is backdated further.
- 3.11 Both of these remedies will have a large impact on the workload of staff dealing with the cases and extra resources will need to be factored into the workforce over the coming years.
- 3.12 There will also be a significant impact on the pension administration team who will be implementing the changes required. This will require a very significant amount of additional work and costly amendments to the software used to support the pension administration function. These costs will be re-charged to the service.
- 3.13 The 2016 Government Actuaries Department (GAD) revaluation of the firefighter's pension fund resulted in a headline rate increase of 12.4% of employer pension costs, which in 2020/21 equated to £2.5m for the service.

The Home Office agreed to fund £2.3m of this pressure in 2020/21. This has been rolled forward into and 2021/22 and the same is expected for 2022/23. The pension scheme is undergoing a further revaluation, and this creates the risk of a further increase in charges.

PAY AWARD

- 3.14 Unions representing non-uniformed staff are balloting on whether to accept a 1.75% pay award in 2021/22. This exceeds the 1.0% included in the budget and any award above this rate will create a cost pressure which will also need to be built into future years' salary costs (a 1% increase relates to approximately £50k ongoing costs).
- 3.15 Operational staff received a 1.5% pay award in 2021/22 against a budget of 1%. The ongoing costs of the additional award are in the region of £140k.
- 3.16 With inflation currently at 4.2%, it is anticipated that the 2022/23 pay award will be in excess of the 2% increase in income that the service is expecting for 2022/23. For the purposes of the MTFs, the budgets will assume a 3% pay award for both uniformed and non-uniformed staff for 2022/23, dropping back to 2% to 2025/26. Should pay awards be agreed higher than this level the additional cost will be in the region of £330k for every 1% increase in pay.

FIREFIGHTER RECRUITMENT

- 3.17 It is anticipated that there will be a full-time recruit intake during 2022/23 and up to 3 on-call intakes. There will be additional costs involved in training firefighters as ridership numbers will be increased while newly qualified firefighters gain their competent status. These will be reflected in the budgets presented to Fire Authority in February 2021.

INVESTMENT IN TECHNOLOGICAL CAPABILITY

- 3.18 The service has had to significantly change the way that it works as a consequence of the Covid-19 pandemic. Many support staff worked from home during the pandemic and are now working in an agile way. Systems have had to be reviewed and new ways of working developed to meet the needs of the changing environment. Investment on fire station equipment has also been made to enable better ways of working.
- 3.19 Much of this work has required significant technological changes and the acquisition of new software packages. Cyber security needs to be constantly reviewed with more staff now accessing systems remotely.
- 3.20 All of these areas are placing increased pressure on the Information & Communication Technology (ICT) Department. There have already been additional commitments into future years to secure appropriate equipment and software for revised ways of working which have to be built into base budgets going forward. It is anticipated that further investment in the team will be required in forthcoming years.

GRENFELL TOWER INQUIRY RESPONSE

- 3.21 The Grenfell Tower Inquiry and subsequent Hackitt review identified that much work was required within the sector to address the issues within the built environment. This will result in increased workload for the Service and the requirement to develop competency and capacity. Grenfell Infrastructure Improvement Grant of £101k was received in September 2020 to assist with the additional costs of implementing the required changes. A further £60k grant has been provided to undertake additional Building Risk Review work.
- 3.22 Fire protection solutions in the built environment are increasingly complex due to new and innovative construction techniques being deployed; and also major infrastructure projects like HS2. The service has received one year Fire Protection Uplift grant of £165k to assist with the cost of the increased work in this area.
- 3.23 There remains an ongoing financial pressure if Grenfell related work is to be continued once grant payments have been exhausted.

EMERGENCY SERVICES MOBILE COMMUNICATION PROGRAMME (ESMCP)

- 3.24 Set up by the Home Office, ESMCP will replace the current communication service provided by Airwave. The new service will be called the Emergency Services Network (ESN). ESN aims that the functionality, coverage, security and availability needs of the UK's emergency services are fully met.
- 3.25 A Regional Strategic Board has been established and a Regional Coordinator has been appointed to work with Service leads and to enable collaboration across the regions.
- 3.26 There have been significant delays to the programme and funding has similarly been subject to delay. ESN continues to place increasing demands upon most support departments and this has resulted in many fixed term arrangements being put in place, specifically across the Procurement, Corporate and ICT functions. These costs will only be partially funded from the government. An additional £60k has been previously built into 2021/22 budgets to help fund this work.

NATIONAL RESILIENCE

- 3.27 The New Dimension programme provides Fire and Rescue Services with the specialist equipment and training it needs to respond to terrorist and other major catastrophic incidents. The New Dimension assets are now coming to the end of their life and require replacement. There remains uncertainty regarding how the replacement of these assets will be funded.

FEES AND CHARGES

- 3.28 The Authority is permitted to make charges for the provision of a range of services to the public and to commerce. It has however been the practice of the Authority to avoid making charges for services which the public have a reasonable expectation of receiving free of charge. Revised scales for Fees and Charges are approved by Fire Authority as part of the Budget Setting report in February of each year. An example of where a charge would be made is for the containment and clearance of debris, spillages, discharges or

leaks from a vehicle or storage tank where the owner can be readily identified. Charges are made on the basis of recovering costs only i.e. with no profit element and no charges are made in situations where there is a risk to life or property, nor where vulnerable persons are involved. The amount of income raised from these charges is low.

EXTERNAL FUNDING

- 3.29 Efforts will continue to be made to secure as much external funding as possible either from Government Grant or from sponsorship and partnerships. These are managed carefully to ensure that the sudden withdrawal of funding does not have a negative impact on revenue budget nor cause the Authority embarrassment from having to close down successful projects due to lack of external funding.
- 3.30 There are no plans at the present time to enter into any Private Finance Initiative (PFI) funding for capital projects unless there is a strong indication that such a vehicle might prove cost effective.

TREASURY STRATEGY

- 3.31 The [Treasury Strategy](#) for the Authority was set out in full in a report to the Fire Authority on 26 February 2021. This strategy complies fully with the Chartered Institute of Public Finance and Accountancy code of practice on Treasury Management which the Authority has adopted. The strategy relies for its success on the appointment of financial advisors who enable the Authority to lend and borrow as prudently as possible. Efforts will continue to be made to ensure a sufficient spread of investment counterparties to minimise risk exposures.

CAPITAL STRATEGY

- 3.32 The Capital Strategy for each year is approved by Fire Authority alongside the MTFs. The updated Capital Strategy for 2022/23 is attached at Appendix 1 for approval. It sets out how the Authority intends to optimise the use of available capital resources to help achieve its objectives in such a way that it ensures that the programme is affordable, prudent and sustainable. It also includes the flexible use of capital receipts strategy.
- 3.33 The Authority has considered the sustainability of its capital plans in terms of the ICT Strategy, the Fleet Strategy and the Property Strategy and these have been mapped out over future years to assist in the revenue budget planning process.
- 3.34 These individual plans have been brought together to form a 10-year capital programme to assist financial planning and monitoring of debt costs. This is attached at Appendix 2. The first 4 years of this programme will be approved alongside revenue budgets by Fire Authority on 25 February 2022. The 10-year programme includes the completion of the new headquarter provision and investment into new fire stations at Worksop and Eastwood as well as replacement of the fire appliances, and Road Traffic Collision equipment. The programme will need to be kept under close review as it has been built on

assumptions around build costs, service needs and future interest rates. If these were to change, then the programme may need to be adjusted.

- 3.35 The 10-year capital plan is considered to ensure long term affordability. The programme consists of longer term projects which cross over the financial year end boundaries. This means that projects may overspend or underspend within a single year, and historically the position has been one of underspending which has an impact on debt repayment costs in the revenue budget. In order to alleviate this issue, it has been accepted that there will be an element of “over programming” but that revenue to support the capital programme will take this into account.

THE PRUDENTIAL CODE

- 3.36 The Authority's [Prudential Code](#), sets out the prudential indicators approved for 2021/22. The freedoms provided by the Prudential Code for Capital Accounting are to be fully used to make the best possible investment decisions in relation to capital spending in order that meaningful choices can be made between borrowing, leasing and the use of capital receipts. Nevertheless, it is still considered important that the Authority should not expose itself to unduly high levels of debt and it is necessary for a view to be taken as to how much debt is sustainable in the longer term. The Authority has set a limit for the ratio of debt costs to revenue budget of 8%. This “credit ceiling” for affordable borrowing, which is covered within the principles of the Prudential Code, will be more closely matched to the profile of the asset base going forward. This strategy is to ensure that the credit ceiling is not reached before the requirement to undertake major capital schemes is exhausted. The 10 year capital plan in Appendix 2 shows that in 2027/28 the debt to budget ratio peaks at 8.4% before dropping below 8% again in 2029/30. This will be reviewed once changes in service requirements are identified in future efficiency work and the capital plan will be adjusted as necessary.
- 3.37 The Authority predominantly funds its capital investments through borrowing. A general policy of using fixed interest rate vehicles is included in the Treasury Management Strategy in order to minimise this risk to interest rate increases. However, in the longer term there is still an exposure from the loan charges on new capital being greater than anticipated. This may require some revision to future years' capital plans.
- 3.38 It is common in the Public Sector to use maturity loans as the most appropriate vehicle for capital financing. These loans do not repay any capital until maturity but interest charges only, and they therefore present a refinancing risk at the end of their term. They are currently the most cost effective way of borrowing but it is considered essential that the Authority has sufficient accumulated cash to repay principal at term. This ensures that the authority retains control of overall debt levels.
- 3.39 The authority will also take opportunities to make voluntary Minimum Revenue Provision (MRP) contributions as they arise.
- 3.40 The Authority has adopted a medium-term strategy to hold long term debt at low rates but reschedule this at a later date if rates are more advantageous. The overall strategy for borrowing is set out in the [Treasury Management](#)

[Strategy](#) document and in the [Prudential Code Report](#). This strategy needs to “follow through” in terms of eventually seeking to mirror the debt outstanding profile with the profile of asset lives. This will be possible by rescheduling debt again if shorter term interest rates fall in relation to long rates however there is no sign of this at present.

BREXIT

3.41 The UK left the European Union (EU) on 31 January 2020 with the UK / EU trade deal coming into force on 1 January 2021. Both costs and availability of goods have been affected, although some of this could be put down to the impact of Covid-19. Whilst it is difficult to distinguish what has led to these market changes, budgets are being set on the best information currently available. This may need revising once the impact is fully known. The impact of Brexit is identified in the general reserve and a contingency is held here to reflect the current level of uncertainty.

COLLABORATIVE WORKING

3.42 The Policing and Crime Act 2017 has introduced a duty to collaborate with the three emergency services where it is in the interest of efficiency and effectiveness. To this end, a Collaboration Strategy was approved by Fire Authority on 22 September 2017. This will not preclude collaboration with other types of organisation where there are benefits to be achieved.

3.43 Collaboration is not something new to the organisation. The authority has taken advantage of many opportunities to reduce costs and increase resilience and effectiveness through joint procurement, joint use of estates and shared specialist vehicles.

3.44 The Authority remains committed to supporting joint and collaborative working with fire and other emergency service sector colleagues across the region, including on the Tri Control and Emergency Services Network projects.

SECTION 4: UNPREDICTABILITY OF FUTURE YEARS PUBLIC FUNDING

Government Grant

4.1 The funding for 2022/23 to 2024/25 remains uncertain. The October 21 Comprehensive Spending Review indicated that Local Government funding would increase in the region of 3%. However, with above inflationary increases identified for health, social care and education, the level of grant awarded to the fire sector is expected to be in the region of 2%.

4.2 The fire funding formula review, which determines the breakdown of Government funding between fire authorities, has been delayed due to the necessity to concentrate on the implications of Covid-19. It is anticipated that the earliest this will be implemented is 2023/24. The status quo situation has been assumed for the purposes of the MTFS.

4.3 The firefighter pension scheme employer superannuation rates increased significantly in 2019/20 following the scheme valuation exercise. This had the impact of increasing superannuation costs for the service in excess of £2.5m.

In response, the Treasury issued an additional Section 31 grant of £2.3m to part cover the costs. This has continued to be paid each year but not increased for inflation and it has been assumed that this will continue for the duration of the MTFS. It has been assumed that it will continue to be paid as a Section 31 grant at flat cash level. Depending on the pay award, this grant is reducing in real spending terms by approximately £50k per year.

Business Rates

4.4 As part of the Covid-19 support packages, the government implemented a business rates holiday for the retail, hospitality and leisure sectors for the whole of 2020/21. In the March 21 budget, this was extended until the end of June 21 and dropped to 66% relief until March 22. In the November 21 Budget this was further extended, with 50% relief for the 2022/23 financial year. This has helped stabilise business rate income and for the purposes of this MTFS it is assumed that 2022/23 income will remain at 2021/22 anticipated levels. The service will be compensated for the drop in business rate income resulting from the above-mentioned relief by way of additional government grant.

4.5 Business Rate income for 2023/24 has also been assumed to remain at current levels. However, there is a significant amount of uncertainty for 2023/24 and beyond as there are several factors that could significantly affect income levels:

- The business rates holiday ends in April 2023 which could impact on income as firms review their working arrangements to reduce costs;
- Covid-19 has resulted in a delay to the revaluation of business properties which should have come into effect in 2021/22, but will now have effect from 2023/24. This could have a significant impact on income levels as at present the service keeps all growth that has taken place since the last valuation but following the valuation this will form part of the pot for national distribution;
- The government has consulted on undertaking a fundamental review of business rates which is due to conclude shortly. The impact this will have on individual authorities is not known at present.
- The government has abandoned plans to allow councils to retain 75% (an increase from 50%) of their business rates to help facilitate the levelling up agenda.

4.6 A 10% decrease in business rate collection will result in an approximate loss of £370k income.

Council Tax

4.7 It is still too early for the Government to have produced provisional settlement information and consultation on the maximum limit for the amount Council Tax can be increased before invoking a referendum. Whilst it is probable that this limit will be set at 2% as in previous years, the Fire sector have requested the flexibility to increase council tax by £5 to enable investment in future services,

although it is considered unlikely that this will be approved. This would raise an additional £1.6m compared to no increase in council tax -this would remain in the base in future years.

- 4.8 Council Tax for the Fire Authority is currently £82.95 at Band D. A 1.95% increase would raise it by £1.62 to £84.57 per year which equates to £1.63 per week. A £5 increase would raise it to £87.95 - £1.69 per week.

SECTION 5: RESERVES

5.1 The Local Government Act 2003 requires that Authorities maintain adequate reserves and provisions to help ensure that the medium-term policy programme is sustainable and that it can be delivered. In accordance with good accounting and financial practice, reserves and provisions will always be held in the accounts where appropriate. In simple terms, the difference between a reserve and a provision is that a provision is made for a known liability arising from a legal obligation whereas a reserve is created for a discretionary purpose. The Authority's Reserves Strategy is attached at Appendix 3 for approval by Fire Authority alongside the MTFS.

5.2 Total estimated Reserve levels as at 31 March 2022 are £9.5m, consisting of £5.0m General Reserve and £4.5m Earmarked Reserves.

5.3 The Authority reviews the levels of reserves it requires as part of the Reserves Strategy. A General Fund reserve minimum level of £4.5m has been proposed for 2022/23, which remains the same as 2021/22, although several adjustments have been made to reflect changes in risk. The three highest areas of identified risk are detailed below (see section 2.12 of the Reserves Strategy for more information):

- Pay award above rate included in the budget;
- Pension related issues (due to McCloud, the 2020 revaluation and Matthews/O'Brien case)
- Significant budgetary overspend

5.4 A review of the Earmarked Reserves has been undertaken in the Reserves Strategy. This has identified £1.9m of available reserves either are no longer required or have not yet been allocated to projects. It is proposed that these be used to create a £900k Efficiency Reserve to identify and evaluate areas where future efficiencies can be made, and a £936k reserve to provide budget pressure support.

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

SECTION 6: OUTLOOK FOR 2022/23, 2023/24 AND BEYOND

6.1 In February 2021, the Authority set a balanced budget for 2021/22 without any use of reserves. The budget paper anticipated that there would be pressure on business rate income in 2022/23 as the business rate holidays were due to end. This contributed to in a proposed deficit position of £654k (assuming a 1.95% increase in Council Tax).

6.2 Whilst detailed expenditure budgets are still being developed, there are some increases to costs that can be reasonably estimated as discussed earlier in the strategy:

Table 2 – Known Additional 2022/23 Expenditure Since February 2021

Expenditure	£'000
Estimated 3% pay award	330
Impact of above budget 2021/22 pay award	190
On Call increased activity / training	300
Pressure on contract costs	300
Inflation (gas 28%, fuel 20%, CPI 4.2%)	200
MRP – increased expenditure on ICT equipment	200
Total	1,420

6.3 The budget requirement for future years cannot be accurately estimated at this point as the full budget is still to be determined. It has been amended for known major pressures, but figures are likely to change. More detailed figures will be provided for Finance and Resources Committee in January 2022 and Fire Authority in February 2022.

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

SCENARIO 1 – WORST CASE SCENARIO

6.5 The worst-case scenario assumes that:

- The starting point of £654k deficit remains true - this assumes a 5% decrease in Business Rate income;
- Government funding (Revenue Support Grant (RSG) and Business Rates top up grant) increases 2% year on year;
- Pay awards for both uniformed and non uniformed are 5%;
- Additional cost increases are £200k higher than the £1.4m identified in section 6.2;
- No Local Council Tax Support Grant is received for 2022/23 (£500k).
- Council Tax is increased at 1.95% for each year.

6.6 This scenario would result in a £2.3m deficit in 2022/23 and has an ongoing £4.2m deficit thereafter as detailed in the table 1 below:

Table 3 – Worst Case Scenario

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Budget Requirement	45,302	48,651	50,473	51,970	53,009
Revenue Support Grant (RSG)	(5,452)	(5,561)	(5,672)	(5,783)	(5,902)
Business Rate (BR) Income	(3,583)	(3,403)	(3,403)	(3,437)	(3,472)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,340)
BR Top up Grant	(7,277)	(7,423)	(7,571)	(7,722)	(7,877)
Council Tax (1.95%)	(26,650)	(27,578)	(28,496)	(29,443)	(30,421)
Budget Deficit	0	2,346	2,991	3,245	2,997

6.7 If a nil council tax increase is approved in 2022/23, the deficit position becomes £2.874m. If an increase of £5 were to be permitted and approved, the deficit position reduces to £1.243m. Significant ongoing savings would need to be identified in order to balance the budget if this scenario plays out.

SCENARIO 2 – MOST LIKELY SCENARIO

6.8 The most likely scenario assumes that:

- Government funding (Revenue Support Grant (RSG) and Business Rates top up grant) increases 2% year on year;
- In year temporary savings of £1m are made in 2022/23;
- Pension Grant remains flat in cash terms at £2.34m;
- Local Council Tax Support grant continues at £500k;
- Business Rate collection remains flat in 2022/23 and 2023/24 and increases by 1% per year thereafter;
- Council Tax collection increases by 1.5% in 2022/23 and increases by 1.35% for the following 2 years;
- Council Tax is increased at 1.95% for each year.

6.9 This scenario would result in a £0.8m deficit in 2022/23 which increases to £1.4m by 2025/26. This scenario requires ongoing savings to be identified to ensure a balanced budget can be achieved without the use of reserves.

Table 4 – Most Likely Case Scenario

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Budget Requirement	45,302	47,291	49,113	50,610	51,622
Revenue Support Grant (RSG)	(5,452)	(5,561)	(5,672)	(5,783)	(5,902)
Business Rate (BR) Income	(3,583)	(3,583)	(3,583)	(3,618)	(3,654)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,340)
BR Top up Grant	(7,277)	(7,423)	(7,571)	(7,722)	(7,877)
Council Tax (1.95%)	(26,650)	(27,578)	(28,496)	(29,443)	(30,421)
Budget Deficit	0	806	1,451	1,704	1,428

6.10 If a nil council tax increase is approved in 2022/23, the deficit position in the scenario in Table 4 becomes £1.334m. If an increase of £5 were to be permitted and approved, the deficit position would become a surplus of £296k.

SCENARIO 3 – BEST CASE SCENARIO

6.11 This scenario assumes that:

- 2% pay award;
- Council Tax collection rates increase by 1.5% in 2022/23 and 1.35% thereafter;
- Local Council Tax Support Grant is received (£500k);
- Council Tax is increased by £5.00 in 2022/23 and 1.95% thereafter.

Table 5 – Best Case Scenario

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Budget Requirement	45,302	46,760	48,583	50,080	51,085
Revenue Support Grant (RSG)	(5,452)	(5,561)	(5,672)	(5,783)	(5,902)
Business Rate (BR) Income	(3,583)	(3,583)	(3,583)	(3,618)	(3,654)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,340)
BR Top up Grant	(7,277)	(7,423)	(7,571)	(7,722)	(7,877)
Council Tax (£5/ 1.95%)	(26,650)	(28,680)	(29,636)	(30,622)	(31,640)
Budget Deficit / (Surplus)	0	(826)	(219)	(9)	(332)

- 6.12 This scenario reflects that if inflation (and salary increases) were to reduce to 2%, a £5 increase in Council Tax would permit investment of £826k in future services. It would require a 3% increase to break even in 2022/23. If a nil council tax increase is approved in 2022/23, the deficit position in the scenario in Table 4 becomes £0.8m.

SECTION 7: SUSTAINABILITY AND EFFICIENCY

- 7.1 The Authority set a balanced budget for 2021/22 following several years where General Fund reserves were required to balance the budget. Even though the financial position set out in the MTFs is based on early estimates of funding and expenditure which may still change, it is clear that some efficiencies are likely to be necessary to bring the service back into a balanced budget situation.
- 7.2 The CRMP, once finalised, will set the template for service improvement in the coming years. The 2022/23 proposed budget contains an element of growth to deliver the early stages of the CRMP but funding will need to be found to finance this growth in future years.
- 7.3 Once the funding position is known with more certainty (February 2022) and the CRMP has been revised to reflect the outcome of public consultation which ends in December 21, it will be necessary to review current services and align them to the new CRMP. This will need to be done within the current funding envelope. In order to achieve this an efficiency strategy is proposed to realign services and fund the proposed changes. This will cover both revenue budgets and the capital programme.
- 7.4 Within the Reserves Strategy, £900k has been identified to fund the work required to develop the Efficiency Strategy and enable any transitional period should the strategy require time to be implemented.
- 7.5 An Efficiency Strategy will be presented to Policy and Strategy Committee on 6 May 22.

SECTION 8: SUMMARY

- 8.1 This MTFs has been written against a backdrop of financial and economic uncertainty. Whilst indications are that the fire sector will receive funding increases in the region of 2% this will not be known with any certainty until the Funding Settlement figures are known in December and collection fund details are known at the end of January 22.
- 8.2 The most likely scenario (section 6.9), assuming a 1.95% increase in Council Tax and after considering the economic situation and expected costs, shows a 2022/23 deficit position of £806k. This rises significantly in future years to £1.7m in 2024/25. If Council Tax levels are held at 2021/22 levels, this would increase the 2022/23 deficit to £1.3m.

- 8.3 In the worst case scenario (section 6.6) estimates show that a 2022/23 deficit of £2.3m could be likely, even assuming a 1.95% Council Tax increase. This would rise to around £3m in future years. If there were to be no increase in Council Tax levels the 2022/23 deficit would rise to £2.9m.
- 8.4 It is probable that the maximum limit for the amount Council Tax can be increased before invoking a referendum will be £2%. The Fire sector have requested the flexibility to increase council tax by £5 to enable investment to help it deal with pressures outlined in section 3 and investment in future services. However, this is considered unlikely to be approved as part of the final settlement from central government.
- 8.5 The Reserves Strategy sets out plans for creating two new reserves - £936k to provide budget pressure support and £900k to help develop an Efficiency Strategy to enable the service to realign services to its new CRMP. The use of both of these reserves is expected to be necessary to enable the service to deliver improvements set out in the CRMP and to balance future years budgets.
- 8.6 Whilst there remain clear challenges ahead, the Authority starts this journey in a relatively positive position whereby it has sufficient reserves to underpin the changes required in the coming years. With careful budgetary planning and resource maximisation it is anticipated that the Authority will be able to forge a future path that will enable it to meet priorities and balance the budget.
- 8.7 At its meeting on 25 February 2022 the Fire Authority will consider the budget report with the objective of setting Council Tax levels for 2022/23.

CAPITAL STRATEGY 2022/23

Date Considered by Fire Authority: December 2021

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Section 4	Summary
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1 INTRODUCTION AND BACKGROUND

- 1.1 This Capital Strategy is a key corporate document that outlines how the Authority intends to optimise the use of available capital resources to help achieve its objectives. Capital expenditure is a major cost to the Authority and as a result it is necessary to ensure that key programmes of work requiring capital expenditure have been properly identified, evaluated and prioritised.
- 1.2 This document sets out the framework for planning and financing capital in order to ensure the broad requirements set out above can be consistently met by the Authority. The Strategy sits alongside the Medium Term Financial Strategy (MTFS) and the proposed 10-year capital programme is included in the MTFS. The strategy is supported by the Authority's estates strategy, asset management plans and the Capital Programme which, in combination, lay out how the Authority will use its assets and its capital investments in pursuit of the key goals set out in the CRMP 2022/25.
- 1.3 There are several influences which feed into the capital investment process, the main ones being:
- CRMP
 - Treasury Management Strategy
 - Medium Term Financial Strategy
 - Property Strategy
 - Corporate Asset Management Plans (buildings, vehicles and equipment)
 - Procurement Strategy
 - ICT Strategy
 - Transport Strategy
 - Community Safety Strategy
 - Work Force Plan
 - Learning & Development Strategy
 - Risk Register

2 GOVERNANCE

- 2.1 The Local Government Act 2003 sets out a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities' decision making in the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code.
- 2.2 CIPFA released an updated version of the Prudential Code in December 2017. The revised code is in a similar format to the previous 2011 edition but included a new requirement for authorities to produce a Capital Strategy with effect from 2019/20.
- 2.3 The objectives of the Prudential Code are to ensure that the capital investment plans of authorities are affordable, prudent and sustainable. This is achieved

through the use of a number of prudential indicators covering affordability, prudence, capital expenditure, debt levels and treasury management. These indicators are included in the Prudential Code for Capital Finance which is approved by the Fire Authority each year and monitored throughout the year by the Finance and Resources Committee. A 10-year Capital Programme is included in the MTFs which includes a projection of future year debt costs to ensure that they are affordable in the long term.

FIRE AUTHORITY

- 2.4 The Capital Programme is an aggregation of the approved schemes which will help ensure that the Authority can deliver on its strategic objectives. The Capital Programme approved by Fire Authority as part of the annual budget process covers a 4-year period in line with revenue budget forecasting. Estimating expenditure beyond 4 years is more difficult, although still important in determining the affordability of capital expenditure in future years. For this reason, a proposed 10-year Capital Programme is included as a separate document in the Medium Term Financial Strategy (Appendix 2) for planning and cost projection purposes.
- 2.5 The full revenue implications of the Capital Programme are presented to members prior to each financial year within the Revenue Budget. Fire Authority is also responsible for approving the Treasury Management Strategy and Prudential Code prior to the start of each year to ensure that the Capital Programme is affordable, prudent and sustainable.

FINANCE AND RESOURCES COMMITTEE

- 2.6 The Finance and Resources Committee are responsible for receiving quarterly monitoring reports on the Capital Programme and Prudential Code.

CORPORATE GOVERNANCE

- 2.7 Corporate Governance is ensured throughout the process through the Authority's:
- Internal Audit;
 - Service Plans;
 - Performance Management;
 - Service Procedures;
 - Financial Regulations and Procedures;
 - Standing Orders.

STRATEGIC LEADERSHIP TEAM (SLT)

- 2.8 SLT have oversight of and make appropriate decisions relating to the revenue and capital budgets set by the Fire and Rescue Authority in order to operate within the delegated financial authority agreed by the Authority to deliver a balanced budget position.
- 2.9 SLT also have responsibility for managing project performance and receive regular monitoring updates, project closure reports and to ensure that any lessons learned are shared across the organisation.

TREASURER

- 2.10 Under section 25 of the Local Government Act 2003, the Treasurer is specifically required to report to the Authority regarding the estimates for the purposes of calculations in order that Fire Authority can make informed decisions about future years' budgets. The Treasurer also has responsibility to ensure compliance with regulatory frameworks and to report on unlawful expenditure or on an unbalanced budget.

FINANCE EMPLOYEES

- 2.11 The Authority ensures that the Finance team contains staff who are appropriately trained in Capital Accounting and Treasury Management. In addition, the service employs external treasury management advisors who provide specialist advice and resources.

3 THE CAPITAL PROGRAMME

- 3.1 The capital expenditure recommendations are determined from an assessment of the Authority's Asset Management plans for buildings, equipment and vehicles. As the impact of capital expenditure, and associated borrowing, is spread over years, it is important to consider the effects of any proposals in both the forthcoming and future financial years.
- 3.2 The Authority's approach to developing capital investment is to evaluate projects against criteria such as:
- Fire Authority objectives;
 - Funding requirements;
 - Statutory obligations;
 - Reserve savings and implications;
 - Any surplus assets for which a receipt will subsequently be available;
 - Any special considerations;
 - Affordability;
 - Sustainability (by considering whole life costs);
 - Evaluation of condition, suitability, and sufficiency information from the Asset Management system;
 - Collaborative Opportunities.
- 3.3 Where there is a possibility to take a collaborative approach to purchasing or using assets it will be pursued providing that the partnership or sharing arrangements are financially viable and in the best interests of Nottinghamshire Fire & Rescue Service.
- 3.4 Where collaborative projects are undertaken consideration will be given to the most appropriate delivery vehicle, whether it be leasing arrangements, joint ownership or the setting up partnership arrangements such as a Limited Liability Partnership (LLP).
- 3.5 The purpose of the capital investment programme is to support the CRMP which at present does not include investment in commercial activities due to the Authority not wishing to undertake undue risk.

- 3.6 Establishing the level and type of investment available, which is currently projected for up to ten years in advance enables the revenue implications of the capital programme to be considered in detail including repair and maintenance costs, energy efficiencies and economies for scale. The debt charges (Minimum Revenue Provision and interest charges) are built into the revenue budget and monitored to ensure that they remain affordable.
- 3.7 The Finance and Resources Committee recommend a draft Capital Programme to Fire Authority who approve the final programme at its budget setting meeting in February of each year. Additional approval is sought from Finance and Resources Committee before major building projects are commenced.
- 3.8 Projects utilise the principles of Prince 2 methodology, where appropriate, and are subject to a review following completion where clients, occupiers and consultants establish how far the project has achieved objectives and outcomes against targets (as detailed in the original investment appraisal) and evaluate areas of good practice/areas for improvement of suitability for purpose, quality, design, sufficiency and flexibility.

4 CAPITAL FINANCING

- 4.1 The Capital Programme is currently constrained by the availability of finance, which continues at present to be provided by traditional methods including:
- Borrowing under the Prudential Code;
 - Revenue Funding;
 - Capital Receipts;
 - Capital Grant;
 - Leasing.
- 4.2 Funding is expected to be limited in the medium term and the Comprehensive Spending Review expected in December 2021 will set the funding limits in 2022/23 to 2024/25. The capital programme will be revised accordingly and considered as part of the budget setting process, with final approval being sought from Fire Authority in February 2022.
- 4.3 Surplus Assets are disposed of and all receipts are treated as a corporate resource and used to underpin and support the Capital Strategy in line with the Flexible Use of Capital Receipts Strategy which will be approved alongside the Capital Strategy (see Appendix A).
- 4.4 The main limiting factor on the Authority's ability to undertake capital expenditure is whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs, after allowing for any support provided by central government.
- 4.5 Capital financing charges now represent 5.9% (2022/23) of the Authority's revenue budget which is considered within prudent limits. On 24 October 2008, the Finance and Resources Committee set a maximum limit for this ratio of 8% in order to meet the prudential code requirements of affordability and sustainability (as part of the Sustainable Capital Plans Report). This ratio

forms one of the Prudential Indicators approved by Fire Authority as part of the Prudential Code for Capital Finance report considered in February of each year. It is not proposed to change the 8% cap on this ratio. The 10-year proposed capital programme will be reviewed as part of the Efficiency Strategy to ensure it does not exceed this limit. There is currently a risk that it will be breached between 2026/27 and 2028/29. This may change once revenue budget figures are finalised and capital costs confirmed. The programme will be altered in future years to ensure the 8% limit is not exceeded.

5 SUMMARY

- 5.1 This Capital Strategy is a key corporate document that outlines how the Authority intends to optimise the use of available capital resources to help achieve its objectives. Capital expenditure is a major cost to the Authority and as a result it is necessary to ensure that key programmes of work requiring capital expenditure have been properly identified, evaluated, prioritised and authorised.
- 5.2 Due to the long-term impact of the Capital Programme and the high levels of expenditure involved, strong and effective governance arrangements have been put in place to manage any associated risks.
- 5.3 The Authority continues to plan for its Capital Expenditure in such a way that ensures that it is affordable, prudent and sustainable.

FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY

Introduction

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government would allow local authorities to spend up to 100% of their capital receipts from the sale of fixed assets on the revenue cost of reform projects. This gives local authorities the power to treat as capital expenditure, expenditure which is incurred in generating on-going revenue savings in the delivery of public services either by way of reducing the cost of or reducing demand for services in future years. This impact of cost or demand reduction can be realised by any public-sector delivery partners but must be properly incurred by authorities for the 3 financial years up until 2018/19. Capital receipts used in this way must have been received in these same three years. This was subsequently extended for a further 3 years up until 2021/22 and in February 21 the Government announced that it would again be extended until 2024/25.

This new power and its guidance are issued under Section 15(1) of the Local Government Act 2003, which requires local authorities to have regard to guidance that the Secretary of State may specify.

Application

The guidance specifies that authorities may not borrow to finance the revenue costs of service reform, nor may they use capital receipts accumulated from prior years. The key criteria to be used when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate on-going savings to an authority's or several authorities' and / or to another public-sector body's net service expenditure.

Accountability and Transparency

The guidance specifies that authorities must disclose the individual projects that will be funded, or part funded through capital receipts flexibility to the full Fire Authority. This requirement can be satisfied as part of the annual budget setting process or through the Medium Term Financial Strategy. It is recommended that the disclosure of projects to be funded in this way should be made prior to the start of each financial year, however if the strategy is updated part way through the year it must be approved by the Fire Authority and notified to central government. A revised strategy must also include the impact on Prudential Indicators. Both the initial strategy and any revised strategy must be made available online to the public.

The strategy must list each project to be funded through capital receipts flexibility, with details of the expected savings and service transformation. With effect from the 2017/18 strategy details must be included of projects approved in previous years and progress against achievement of the benefits outlines in the original strategy.

To date there have been no such projects funded through the use of capital receipts.

Capital Receipts Strategy for 2022/23

For the financial year 2022/23 it is not proposed to fund any reform projects through the capital receipts flexibility. There are currently sufficient funds held in reserves for this purpose and it is felt that capital receipts would be better used to finance capital expenditure. This will enable the Authority to minimise the use of borrowing which needs to be kept within the affordable limits as set out in the Prudential Code for Capital Finance.

If it is felt in the future that the use of capital receipts flexibility would be beneficial to the Authority, then a revised strategy will be reported to the Fire Authority for approval.

PROPOSED TEN YEAR CAPITAL PLAN 2022/23 TO 2030/31

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10 YEAR CAPITAL PROGRAMME	Budget 2022-23 £'000	Budget 2023-24 £'000	Budget 2024-25 £'000	Budget 2025-26 £'000	Budget 2026-27 £'000	Budget 2027-28 £'000	Budget 2028-29 £'000	Budget 2029-30 £'000	Budget 2030-31 £'000	Budget 2031-32 £'000
TRANSPORT										
Pumping Appliances	840	2,114	1,694	1,687	1,687			480	1,346	1,346
Special Appliances	625	1,050	638	120	150		105		300	100
Light Vehicle Replacement	158	48	193	196	262	438	128	538	158	200
E1 Fleet - telematic			90							
	1,623	3,212	2,615	2,003	2,099	438	233	1,018	1,804	1,646
EQUIPMENT										
Lightweight Fire Coat							250			
Structural Personal Protective Equipment						1,000				
Fire Helmets							200			
Fire Gloves								150		
Replacement Duty Uniform	250								300	
Water Rescue kit (Dry Suits Thermal)								200		
Fire Hood - Contaminants		150								
Breathing Apparatus Equipment					250				250	
Coveralls - Non Fire		100								
Gas Tight Suits		70								
Radios			250							
Foam Branches	70									
Road Traffic Collision equipment (Holmatro)			1,000							
Gas Monitoring					35					
Water Recue Equipment (Reach and Rescue poles)	50									
	370	320	1,250		285	1,000	450	350	550	
ESTATES										
Relocation of Incident Command Training	450									
Workshop Fire Station	218	235								
Headquarters (HQ) project	827									
Eastwood Fire Station		1,180	70							
Ashfield Fire Station (Refurb)			488	13						
Arnold Fire Station			500	2,000	888	63				

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000
Stockhill Fire Station				500	2,200	1,600	50			
Bingham Fire Station									731	19
Mansfield Fire Station							731	19		
Edwinstowe Fire Station									50	2,000
	1,495	1,415	1,058	2,513	3,088	1,663	781	19	781	2,019
I.T. & COMMUNICATIONS										
HQ Project (Enabling Works - ICT)										
Replacement Equipment	200	200	200	200	200	200	200	200	200	200
Mobile Computing	30	30	30	30	30	30	30	30	30	30
HQ - Link ICT Replacement	30									
Business Process Automation	40	40	40	40	40	40	40	40	40	40
Cyber security	75			30			30			30
HQ Core Switch Upgrade	50				50					
Sharepoint	20				25				25	
Occy Health - Upgrade			25			25			25	
CFMIS (Community Fire Risk Management Information System) - quick Screens	100									
CFMIS accessibility improvement	150									
HR system upgrade			51							
Payroll And Finance Upgrade		30		30		30		30	30	
	695	300	346	330	345	325	300	300	350	300
CONTROL										
Airwave mobilisation system	60									
Tri Service mobilisation infrastructure	40									
Mobile Data Terminal replacement project	80									
Tri-Service Control & Mobilising System		1,000			300			300		
	180	1,000			300			300		
	4,363	6,247	5,269	4,846	6,117	3,426	1,764	1,987	3,485	3,965

To Be Financed By :

Capital Receipts		1,310	260	10	10	260	360	10	10	10
Borrowing	4,188	4,937	5,009	4,836	6,107	3,166	1,404	1,977	3,475	3,955
Earmarked Reserves	175									
Total	4,363	6,247	5,269	4,846	6,117	3,426	1,764	1,987	3,485	3,965
Debt Cost Ratio	5.87%	6.64%	7.37%	7.81%	8.16%	8.44%	8.37%	7.91%	7.60%	8.12%



NOTTINGHAMSHIRE
Fire & Rescue Service

RESERVES STRATEGY

2022/23 to 2025/26

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1 INTRODUCTION AND BACKGROUND

- 1.1 Sections 32 and 43 of the Local Government Finance Act 1992 require that, when setting the budget for the forthcoming year, precepting authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowances that should be made for contingencies.
- 1.2 Best practice on the use and management of reserves and balances is provided by CIPFA and the Local Authority Accounting Panel (LAAP) guidance, specifically LAAP Bulletin 99 - 'Local Authority Reserves and Balances' which was issued in July 2014.
- 1.3 In May 2018 the Government published the New Fire and Rescue Services Framework which introduces a requirement for Combined Fire and Rescue Authorities to publish a Reserve Strategy on their website. The Reserves Strategy can form part of the Medium Term Financial Strategy (MTFS) or be a stand-alone document.

STRATEGIC CONTEXT

- 1.4 There are a number of reasons why a Local Government Authority might hold reserves. these include to:
 - Mitigate potential future risks such as increased demand and costs;
 - Help absorb the costs of future liabilities;
 - Temporarily bridge a funding gap should resources be reduced suddenly;
 - Enable the Authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on Council Tax;
 - Spread the cost of large scale projects which span a number of years.
- 1.5 Reserves only provide one-off funding so the Authority aims to avoid using reserves to meet regular and ongoing financial commitments, other than as part of a sustainable medium-term budget plan.
- 1.6 **Long-Term Sustainability** - Reserves are an essential tool to ensure long term budget stability particularly at a time when the Authority is facing significant year on year reductions in grant funding over the medium term.
- 1.7 Reserve balances have been identified as a key indicator of financial health and the Authority continues to have an appropriate level of reserves to deal with identified risks. As a minimum, there are sufficient balances to support the budget requirements and provide an adequate contingency for budget risks.
- 1.8 There are two different types of reserve, and these are:

Earmarked Reserves – these reserves are held to fund a specific purpose and can only be used to fund spending associated with that specific purpose. Should it transpire that not all the agreed funds are required then the agreement of the Authority would be sought to decide how any remaining balance is to be utilised.

General Reserve – usage from this reserve is non-specific and is held to fund any unforeseen spending that had not been included in the base budget such as a sudden increase in inflation or a pay award higher than anticipated when the budget was set.

Provisions - A provision is held to provide funding for a liability or loss that is known with some certainty will occur in the future, but the timing and amount is less certain.

2 RISK ASSESSMENT TO DETERMINE THE ADEQUACY OF THE GENERAL RESERVE

- 2.1 Whilst it is primarily the responsibility of the local authority and its Chief Financial Officer to maintain a sound financial position, external auditors will, as part of their wider responsibilities, consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.
- 2.2 CIPFA does not prescribe a formula for calculating a minimum level of reserves. Local authorities, on the advice of their Chief Financial Officers, should make their own judgements on such matters considering all the relevant local circumstances, which may vary between authorities. A well-managed authority, for example, with a prudent approach to budgeting should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. In assessing the appropriate level of reserves, a well-managed authority will ensure that the reserves are not only adequate but are also necessary. There is a broad range within which authorities might reasonably operate depending on their particular circumstances.
- 2.3 A common benchmark used for the General Reserve is 5% of annual budget. The Authority has consistently set a minimum level of General Reserve higher than 5% (currently 11%). However, as discussed in sections 2.1 and 2.2, it is the responsibility of the Authority to set an appropriate level of reserves reflecting the individual circumstances of the Authority. The method used is a risk-based approach, in line with CIPFA guidance. The levels of reserves set are felt to reflect the circumstances and risk appetite of the Authority.
- 2.4 The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. That said, given the high level of external influences, such as national and local economics and Government

policy has on its income and expenditure, there is always a risk that the Authority will unexpectedly become liable for expenditure that it has not budgeted for. This is particularly true in the current uncertain economic climate following Covid-19 and Brexit.

- 2.5 At the start of 2021/22, the General Reserve was £4.991m, which represented 11% of the 2021/22 net revenue budget. Current budget monitoring would indicate that the General Fund Reserve will remain close to this level at the end of the financial year.
- 2.6 A risk assessment of the adequacy of the Authority's General Reserve is carried out annually to determine the extent to which the Authority is exposed to uninsured and unbudgeted losses. The risk assessment is shown in Appendix A. Where risks have been identified, control measures are in place to minimise either the likelihood or the impact of the risk and these are also shown in Appendix A.
- 2.7 The approach has examined each of the risk exposures and considered both the possible financial impact on the Service and the likelihood of occurrence. A risk factor has been allocated to each risk reflecting the likely frequency of occurrence of the risk based on historic experience and professional judgment. It should be noted that the underlying assumption is that not all of these risk events will occur simultaneously and, to reflect this, the potential value of each financial impact is multiplied by its risk factor.
- 2.8 The approach also considers the extent to which financial risks can be transferred by way of insurances or through additional government grant (through the Bellwin scheme). This creates a balance between mitigated and self-financed risk. Where insurances are in place, the risk value reflects the level of excess within the insurance policy.
- 2.9 Residual risk is the extent to which the Authority remains exposed to risks which are neither insured nor provided for within revenue budgets or balances. The level of acceptable residual risk equates to the "risk appetite" of the Service and the estimated minimum level of balances reflects this risk appetite.
- 2.10 The risk assessment review identified some changes in risks, mainly in terms of the increase or decrease in the potential costs of existing risks. The frequency of risk occurrence has also been reviewed in the light of another year of experience.
- 2.11 The risk assessment which determines what the minimum level of reserves is carried out using the professional judgement of the officers involved in the process. Several managers with particular areas of expertise have been consulted as part of the exercise to determine any new risks and to identify appropriate levels of risk value and risk frequency. This detailed review of risks inevitably results in fluctuations in the resulting minimum level.
- 2.12 The three highest risks identified in the risk register are detailed below:

- 1) **Pay Awards.** Recent increases inflation will have an impact on pay negotiations for 2022/23. Annual inflation using the CPI measure in October 21 was 4.2% and RPI 6%. Forecasts suggests that CPI may rise to 5% in December 22. This may represent a peak with inflation falling again in 2022, but there is little certainty about this. A potential cost of £1m has been identified to cover an award of 3% above the amount included in the budget. A risk factor of 0.75 has been used to give a value of £0.75m to be included in the reserve.
- 2) **Pension Issues.** With ongoing uncertainty around implementation of the McCloud Immediate Detriment remedy in the Firefighters' Pension Scheme there remains a risk that the service will be required to pick up additional related costs, which the Home Office are currently indicating that they are not prepared to fund.

There is a further legal case (McCloud / O'Brien) which will backdate the date from which on-call firefighters can join the pension scheme (from 2006 to the date of employment). The costs that the service will incur relating to this remain unclear.

The pension scheme is also undergoing a revaluation exercise, the results of which may mean that employer superannuation rates are increased. This will come into effect in 2023/24.

£0.5m has been included in the reserve to cover any potential costs.

- 3) **Significant Overspend** With the uncertainty of the current economic climate and the unknown impact of the new Omicron variant of Covid-19 there remains a risk of overspend.
- 2.13 There are a number of other risks where minor amendments have been made to reflect changes in either risk value or in expected likelihood or impact in the light of another year's experience.
 - 2.14 The updated risk assessment shows that an appropriate level of general reserves should remain at £4.5m. This reflects the uncertain financial climate which is influenced by the:
 - impact of Covid-19 on both the national and local economy;
 - impact of the uncertain economic climate and its impact on both income and expenditure levels.
 - 2.15 Previous year's minimum levels of General Reserves have remained between £3.8m and £4.4m as detailed below:

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

Year	Minimum General Fund Reserve level £'m
2022/23	4.5
2021/22	4.5
2020/21	3.9
2018/19	3.9
2017/18	4.3

- 2.16 The Finance and Resources Committee regularly receives risk management reports, which show that corporate risks are regularly reviewed by Officers and that controls are in place to manage those risks. The review of reserves reflects changes to the corporate risk register.
- 2.17 The projected level of general fund reserves at 31 March 2022 is of the order of £5.0m (section 2.5). The General Fund reserve exceeds the minimum level required by £0.5m.

3 ANNUAL REVIEW OF EARMARKED RESERVES

- 3.1 At 1 April 2021, the Authority had £5.7m of earmarked reserves which have been established for specific purposes; where there have been timing differences at budget setting or year-end or to address emerging risks or cost pressures.
- 3.2 Any unspent government grant at the end of the financial year is transferred into earmarked reserves to enable it to be ringfenced for its original purpose. It is expected that £1.4m of earmarked reserves at 31 March 22 will relate to unspent grant. The majority of this (£1.1m) relates to the national Emergency Services Network (ESN) scheme that is running several years behind schedule.
- 3.3 Appendix B contains details of all Earmarked Reserves. A summary position is shown in Table 2 below.

Table 2 – Summary of Earmarked Reserves

Purpose	Balance 1 Apr 21 £'000	Expected Balance 31 March 22 £'000	Required 2022/23 to 2025/26 £'000	Estimated Unused 31 Mar 26 £'000
Prevention & Protection	429	237	169	68
Resilience	349	341	0	341
Emergency Services Network	1,072	1,072	1,072	0
Other ICT	112	112	112	0
Operational	673	520	420	100
Covid related	1,054	658	58	600
Transformation and Collaboration	1,800	1,438	662	777
Other	42	19	19	0
Reserves held on behalf of region (for ESN)	182	102	102	0
Total	5,712	4,500	2,614	1,886

3.4 The relevance of, and value in, each reserve is reviewed annually with a view to identifying any surplus reserves and realigning available funding to the service's priorities.

3.5 Given the potential deficit identified in the 2022 Medium Term Financial Strategy (MTFS), all existing earmarked reserves have been scrutinised with the purpose of creating a reserve to support the Efficiency Plan currently under development and support the revenue budget until this plan is implemented.

3.6 The £1.9m funds remaining uncommitted at 31 March 26 (see final column of Table 2) are considered available to set aside for this purpose. This mostly comprises of:

- Unallocated Transformation and Collaboration reserve (£777k) – this was set aside for transformational change and will still be required for this purpose but moved to a new reserve with an emphasis on making financial efficiencies;
- Covid-19 Recovery - £600k was put aside from 2021/22 underspends should the service need additional funds to assist its recovery from the Covid-19 pandemic. In reality, the grant received from central government was sufficient to fund all covid related activity and it the service remains in a robust position. It is proposed that this reserve would be better utilised for supporting future efficiencies as required.
- Resilience – some years ago the service was gifted some resilience vehicles that had been previously held in a national pool (such as the high

volume pump that is regularly used in flooding incidents and was used at the Toddbrook Reservoir incident). A Section 31 grant was awarded to help maintain the vehicles and train staff (ie the grant was non specific with regards to its use). Additional grant is received on an adhoc basis to help respond to national incidents. This has been kept in this reserve, but all related activity was embedded into the service's normal workload sometime ago and it has not been utilised for several years now other than an occasional very small allocation and it is considered appropriate to release the remaining £341k for other purposes.

- 3.7 Appendix B contains details of all Earmarked Reserves along with proposed amounts for reallocation. Table 2 provides a summary of those reserves identified for reallocation.

Table 2 – Summary of proposed Re-allocation of Earmarked Reserves

	Balance 31-Mar-22	Required 2022/23	Required 2023/24 to 2025/26	To be Reallocated
	£	£	£	£
LPSA Reward Grant	8,500	0	0	8,500
On Fire Fund - Fire Safety	59,713	0	0	59,713
Resilience Crewing and Training	289,801	0	0	289,801
New Threats / MTFA	51,441	0	0	51,441
Mobile Data Terminals	200,000	100,000	0	100,000
Covid recovery reserve	600,000	0	0	600,000
Transformation and Collaboration	1,438,419	661,586	0	776,833
Total	2,647,873	761,586	0	1,886,287

- 3.8 The review of Earmarked Reserves has identified £1.886m for reallocation. It is proposed that this be used to create 3 new earmarked reserves:

Table 3 – Creation of New Earmarked Reserve

Reserve	Amount £
Headquarters Move – system improvements	50,000
Budget pressure support	936,287
Efficiency Programme	900,000
Total	1,886,287

4 SUMMARY

- 4.1 It is appropriate to advise Members that the level of reserves held by the Authority will be sufficient during 2022/23 to cover the risk-based liabilities which may arise, and the Treasurer will report on this as part of her duties under Section 25 of the Local Government Act 2003 when the 2022/23 budgets are set in February 2022.
- 4.2 There remains significant pressure on budgets going forward. It is anticipated that the service will need to identify savings in order to balance the budget in future years. This will be achieved through the Efficiency Strategy which will be considered by Fire Authority in February 2022. It is expected that there will be a shortfall of funding in 2022/23 while the Efficiency Strategy is implemented and that reserves will be required to meet the shortfall.
- 4.3 The total value of the Authority's reserves on 1 April 2022 is expected to be in the region of £9.5m.
- 4.4 The expected level of General Fund Reserves as at 1 April 2022 is expected to be in the region of £5.0m, which exceeds the £4.5m minimum level identified for 2022/23 by £0.5m.
- 4.3 Earmarked Reserves are expected to be in the region of £4.5m at 1 April 2022. These are expected to be fully spent by the end of 2025/26, although additional reserves are likely to be created due to ongoing receipts of grant.
- 4.4 £1.9m of earmarked reserves have been identified for reallocated to:
- Headquarters system improvements - £50k;
 - Budget Pressure Support - £936k;
 - Efficiency Programme £900k.

2022/23 General Fund Risk Analysis

Appendix A

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Risk No	Risk Description	Risk Effect	Control Measures	2022/23 Risk Value £	Risk Factor Reflecting Frequency £	2022/23 Reserve Required £
1	Pay awards agreed at higher rate than budget	Additional costs. Reserve covers 2% over rate included in budget.		1,000,000	0.75	750,000
2	Pension issues - McCloud additional costs / Matthews / Obrien / revaluation costs / ombudsman rulings / medical appeals, accounting errors / mal-administration	Additional costs may fall to Fire Authority	Working closely with LGA / Pension Scheme Administrators and other Authorities to ensure consistent approach. Taken on additional resources.	1,000,000	0.5	500,000
3	Risk of significant overspend against budgets, especially following uncertainty of future funding / Covid related expenditure	Overspend against revenue budget in year which will have effect of reducing general reserves by the amount of the overspend	Regular budget monitoring which allows early identification of problems and corrective action to be undertaken.	1,000,000	0.5	500,000
4	External Contracts	External contractors are subject to increased inflation / pay rises which make fixed price contracts difficult to deliver. May withdraw from contract on request increase in price.	Effective monitoring of contracts	1,000,000	0.4	400,000
5	Legal challenges and discretionary compensation awards	Reputational damage; Legal costs, employment tribunal costs unbudgeted	Professional HR advice, policies, procedures, management training, legal advice	1,200,000	0.3	360,000
6	Unanticipated loss of income i.e. from precept, business rates, eg surplus on collection fund movement	Timings of budget process may not allow sufficient time to plan for such changes	Network of Chief Financial Officers keep abreast of developments.	1,000,000	0.3	300,000

Risk No	Risk Description	Risk Effect	Control Measures	2022/23 Risk Value £'000	Risk Factor Reflecting Frequency	2022/23 Reserve Required £
7	Unforeseen price increases due to inflation or difficulty to obtain stock following Brexit / supply issues following Covid	Increased costs / potential for reduced competition	Keep increased stock levels	600,000	0.5	300,000
8	Redundancies due to current and on-going financial constraints, if savings cannot be found from elsewhere	One-off cost of redundancy payment and potential pension strain is too high a cost to budget for within the revenue budget	Business case and payback period	500,000	0.5	250,000
9	Local/national industrial dispute	Potential loss of service; risk of non compliance with statutory duties and ensuing legal case / fines; selective industrial action may not result in sufficient underspend to cover additional costs. Potential ministerial intervention and ensuing reputational damage.	Resilience arrangements now in place which has reduced the risk of needing additional cover. However, high inflation increases risk of a pay dispute so have increased the risk factor accordingly.	300,000	0.75	225,000
10	Major ongoing incident such as pandemic which affects Business Continuity Management (BCM)	Ongoing significant additional costs to ensure critical capability maintained.	BCM plans. Pandemic plan	1,000,000	0.2	200,000
11	Business failure of bank or investment counterparty	Loss of working capital or investment funds up to £2m	Treasury management strategy, risk analysis of investment options and counterparties	2,000,000	0.1	200,000
12	Increase in numbers of vulnerable people due to economic climate	Loss of council tax precept income, additional cost of fire prevention activity	No controls in place	200,000	0.5	100,000
13	Collaboration unforeseen costs	With several collaboration projects underway there is a level of increased financial uncertainty until schemes are bedded in and full costs are known.	Effective planning and identification of costs at the outset of the project	400,000	0.2	80,000

Risk No	Risk Description	Risk Effect	Control Measures	2022/23 Risk Value £'000	Risk Factor Reflecting Frequency	2022/23 Reserve Required £
14	Unforeseen general change in legislation / Major Incident Reviews	Increased costs of working due to doing more or doing things differently & costs of training	Awareness	300,000	0.2	60,000
15	Hot or dry summers	Increased retained call-outs	None	200,000	0.3	60,000
16	Discovery of major property structural problem that restricts / prevents use of all or part of building(s)	Loss of use; cost of repair; impairment to operational effectiveness	Continuity plans, repair and refurbishment programme	600,000	0.1	60,000
17	Major vehicle / equipment defect (affecting part of fleet)	Loss of use; cost of rectifying defect if beyond warranty	Mutual assistance, robust and routine fleet inspections. New contract.	250,000	0.2	50,000
18	Breach of data security	Loss of confidential data; Information Commission fines	Security measures monitored and reviewed	150,000	0.25	37,500
19	HSE Interventions	Cost of remedial measures; cost of fine; fees for HSE intervention, indirect costs of covering internal resources used to investigate the issue etc.	Operating procedures; training; written safety policy; risk assessments	300,000	0.1	30,000
20	Insurance Excess not included in budget	Insurance receipt may not cover costs. Excess for fraud, indemnity cover and personal damage total £35k.	Training and procedures	100,000	0.3	30,000
21	Natural disasters/ multiple large incidents requiring Belwin support	Reduction in capability to respond	Multi-agency plans; New Dimensions equipment; BCM plans; Response degradation policy; Mutual Aid	90,000	0.3	27,000
	TOTALS					4,519,500

Earmarked Reserve Position 2021/22 to 2025/26

Appendix B

	Balance 01-Apr-21 £	Movement 2021/22 £	Balance 31-Mar-22 £	Required 2022/23 £	Required 2023/24 £	Required 2024/25 £	Required 2025/26 £	Available to Reallocate £	Balance 31-Mar-26 £
Prevention and Protection									
Safe as Houses - Smoke Alarms	18,301	0	18,301	-6,301	-6,000	-6,000	0	0	0
Community Fire Safety - Innovation Fund	132,908	-81,042	51,866	-51,866	0	0	0	0	0
LPSA Reward Grant	10,000	-1,500	8,500	0	0	0	0	-8,500	0
Fire Cadets Project	18,918	0	18,918	-10,000	-8,918	0	0	0	0
On Fire Fund - Fire Safety	59,713	0	59,713	0	0	0	0	-59,713	0
Swan Project Ashfield	217	-217	0	0	0	0	0	0	0
Home Safety Equipment Scheme	9,018	-9,018	0	0	0	0	0	0	0
Building Risk Review Grant	45,747		45,747	-45,747	0	0	0	0	0
Protection Uplift Grant	70,104	-53,552	16,552	-16,552	0	0	0	0	0
Grenfell Infrastructure Fund	63,756	-46,574	17,182	-17,182	0	0	0	0	0
Sub Total	428,682	-191,903	236,780	-147,648	-14,918	-6,000	0	-68,213	0
Resilience									
Resilience Crewing and Training	297,331	-7,530	289,801	0	0	0	0	-289,801	0
New Threats / MTFA	51,441	0	51,441	0	0	0	0	-51,441	0
Sub Total	348,771	-7,530	341,241	0	0	0	0	-341,241	0
ICT									
PSN - Systel Security Work	266,370	0	266,370	0	0	0	0	0	266,370
ESN RAP Work	348,817	0	348,817	0	0	0	0	0	348,817
ESN Control Room ICT	20,100	0	20,100	0	0	0	0	0	20,100
ESN Communication Development	171,753	0	171,753	0	0	0	0	0	171,753
ESN Systel Airwave Transition	173,184	0	173,184	0	0	0	0	0	173,184
ESN - Notts Local Transition Fund	14,794	0	14,794	0	0	0	0	0	14,794
Delivery of ESN – additional fund	77,000	0	77,000	0	0	0	0	0	77,000
ESN grant - forecast usage	0	0	0	-100,000	-100,000	-400,000	-472,018	0	-1,072,018
ESN Sub Total	1,072,018	0	1,072,018	-100,000	-100,000	-400,000	-472,018		0

	Balance 1 Apr 21 £	Movement 2021/22 £	Balance 31 Mar 22 £	Required 2022/23 £	Required 2023/24 £	Required 2024/25 £	Required 2025/26 £	Available to Reallocate £	Balance 31 Mar 26 £
ICT Telephony Software	53,000		53,000	-53,000	0	0	0	0	0
Business System Development	58,818		58,818	0	-30,000	0	-28,818		0
ICT Subtotal (Including ESN)	1,183,836	0	1,183,836	-153,000	-130,000	-400,000	-500,836	0	0
Operational									
Tri Service Control Phase 2	378,083	-233,147	144,936	-100,000	-44,936	0	0	0	0
Command Training Suite	175,000	0	175,000	-175,000	0	0	0	0	0
Rescue Gloves	50,000	-50,000	0	0	0	0	0	0	0
Fire Cover Review	40,000	-40,000	0	0	0	0	0	0	0
Operational Equipment	30,000	-30,000	0	0	0	0	0	0	0
Mobile Data Terminals	0	200,000	200,000	-100,000	0	0	0	-100,000	0
Sub Total	673,083	-153,147	519,936	-375,000	-44,936	0	0	-100,000	0
Covid related									
Covid-19 2019/20 unused grant	453,501	-394,642	58,859	-58,859	0	0	0		0
Covid recovery reserve	600,000	0	600,000	0	0	0	0	-600,000	0
Sub Total	1,053,501	-394,642	658,859	-58,859	0	0	0	-600,000	0
Transformation and Collaboration	1,800,000	-361,581	1,438,419	-661,586	0	0	0	-776,833	0
					0	0	0	0	0
Other									
Accreditation, Recognition and Prior Learning	19,099	0	19,099	-19,099	0	0	0	0	0
Fitness Equipment	23,000	-23,000	0	0	0	0	0	0	0
Sub Total	42,099	-23,000	19,099	-19,099	0	0	0	0	0
Regional Funds (ESN)	181,866	-79,685	102,181	-80,000	-22,181	0	0	0	0
Total	5,711,838	-1,211,488	4,500,350	-1,495,192	-212,035	-406,000	-500,836	-1,886,287	0

DETAILS ON INDIVIDUAL RESERVES

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

Safe as Houses – Smoke Alarms.

This reserve provides funding for smoke alarms which are fitted during safe and well checks.

Community Safety Innovation Fund This grant enables the Authority to work very closely with partner agencies to identify and address risk with the aim of reducing fires in vulnerable groups. An example of this work is where an Environmental Health officer has been seconded to the Authority to work alongside our Fire Prevention Officers to ensure that the assistance provided is the most effective available.

Local Public Services Agreement (LPSA) Grant

This grant was received by the Service back in 2005 as part of an agreement around improving public services. It was not set aside for any specific purpose and will now be reallocated.

Fire Cadets Project

This reserve supports the work the service does with cadets. A joint cadet scheme with the police is in its early stages and the funding will be used to support the programme.

On Fire Fund

This reserve was originally set up to support local groups to encourage fire safety. It has not been used for a number of years and will now be reallocated.

Home Safety Equipment Scheme

When undertaking safe and well visits, staff frequently replace equipment that represents a fire hazard within the home. This grant helps cover costs that cannot be met from within current budgets.

Building Risk Review Grant / Protection Uplift Grant and Grenfell Infrastructure Fund / Accreditation, Recognition and Prior Learning

These 3 reserves hold grant received to assist the service respond to the Grenfell findings. The grant was received in 2021/22 and covers some work which has extended into 2022/23 (mostly staffing costs).

Resilience Crewing and Training / New Threats

Some years ago the service was gifted some resilience vehicles that had been previously held in a national pool (such as the high volume pump that is regularly used in flooding incidents and was used at the Toddbrook Reservoir incident). A Section 31 grant was awarded to help maintain the vehicles and train staff (ie the grant was non specific with regards to its use). Additional grant is received on an adhoc basis to help respond to national incidents. This has been kept in this reserve, but all related activity was embedded into the service's normal workload sometime ago. It has not been utilised for several years now other than an

occasional very small allocation and it is considered appropriate to release it for other purposes.

ICT Telephony Software / Business Systems Development

These are ICT earmarked reserves created for specific development of software.

Emergency Services Network (ESN) Reserves These reserves relate to ESN grant that has been awarded but not spent due to the delays in the national project. There are also some smaller reserves created to fund expenditure funded directly by the Authority.

Tri Service Control

This is funding set aside to make continuing improvements to the control software installed as part of a joint project with Derbyshire and Leicestershire Fire Authorities.

Command Training Suite

The command training suite is currently situated at Bestwood Lodge Headquarters. It will be necessary to move the suite to another location when HQ staff move into the new joint headquarters with the police. This funding is set aside to part fund this project.

Rescue Gloves / Operational Equipment / Fitness Equipment

These reserves were created from the underspend 2021/22. This equipment was subject to ordering and delivery delays caused by Covid-19 and had been anticipated to come out of 2021/22 budgets.

Covid Recovery

This was created to enable longer term recovery from Covid-19. The service has held up robustly to Covid-19 the government grant received has funded all additional expenditure. This will now be reallocated.

Covid-19 Grant

This is the grant received for Covid-19 in 2020/21 and 2021/22 to help the service respond to the pandemic. All of the funding has been allocated to projects although some of these are being delivered into 2022/23 – for example, the service is still catching up on safe and well visits to vulnerable members of society. which was carried forward into 2021/22.

Transformation and Collaboration Reserve

This was a reserve created to support transformation via the Community Risk Management Plan. The remaining funding will still be used for transformational work to meet the needs of the Efficiency Strategy to be considered by Fire Authority in February 2022.



NOTTINGHAMSHIRE
Fire & Rescue Service
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Fire and Rescue Authority

TREASURY MANAGEMENT MID-YEAR REVIEW 2021/22

Report of the Treasurer

Date: 17 December 2021

Purpose of Report:

To provide Members with an update on treasury management activity during first half of the 2021/22 financial year.

Recommendations:

That Members note the contents of this report.

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1. BACKGROUND

1.1 The Fire Authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.2 Accordingly, treasury management is defined as:

“The management of the Authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.3 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Treasury Management (the Code) was updated by the Fire Authority on 9 April 2010. The Code was revised in 2017. 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.

1.4 This mid-year report has been prepared in accordance with the Code, and covers the following:

- An economic update for the first half of the 2021/22 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;

- The Authority's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
 - A review of the Authority's investment portfolio for 2021/22;
 - A review of the Authority's borrowing strategy for 2021/22;
 - A review of any debt rescheduling undertaken in 2021/22;
 - A review of compliance with Treasury and Prudential Limits for 2021/22.
- 1.5 The Authority has appointed Link Asset Services as its external treasury management adviser.
- 1.6 The Code also requires that the Authority has a Capital Strategy – this forms part of the Medium-Term Financial Strategy which is a separate item on this meeting's agenda.

2. REPORT

ECONOMIC UPDATE

- 2.1 At its meeting on 4th November the Monetary Policy Committee (MPC) voted 7-2 to leave bank rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases. This was contrary to the expectations of the financial markets, which had built in an expectation that bank rate would be increased to 0.25%.
- 2.2 The MPC is now forecasting inflation to reach 5% in April, driven mostly by surging energy prices, before falling back to just below the 2% target by the end of its 3-year forecast period. As a result, it is likely that bank rate may be raised in the coming months if the economy performs as expected.
- 2.3 The MPC revised down expectations for 2021 growth to 7%, with the economy expected to return to its pre-pandemic level by Q1 2022. Growth expectations for 2022 were reduced from 6% to 5%, and growth is then expected to slow sharply to 1.5% in 2023 and 1% in 2024.
- 2.4 Over the next year the MPC will be attempting to combat high inflation whilst not dampening growth. Growth already faces challenges in the form of supply shortages, labour shortages, surging fuel prices and tax increases. However, the impact of these challenges will be at least partially offset by consumers spending at least part of the £160bn+ of excess savings accumulated during the pandemic, although it is possible that people may be content to hold onto their savings and investments and therefore not support economic recovery to the extent that the MPC may forecast.
- 2.5 Interest rate forecasts provided by Link Asset Services can be found at Appendix A.

REVIEW OF THE TREASURY MANAGEMENT STRATEGY

- 2.6 The Treasury Management Strategy approved by the Authority sets 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 investments may be made:

- Deposits with the Debt Management Office (Government);
- Term deposits with Banks and Building Societies;
- Call deposits with Banks and Building Societies;
- Term Deposits with uncapped English and Welsh local authority bodies;
- Triple-A rated Money Market Funds (CNAV and LVNAV);
- UK Treasury Bills;
- Certificates of Deposit.

2.7 The Treasury Management Strategy includes a limit of £4m to be invested with any single counterparty, although this limit is only used in exceptional circumstances and a maximum of £2m is normally adhered to. 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 selection of institutions down to a minimum durational band within Link's weekly credit list of potential counterparties. The Authority will therefore use counterparties within the following durational bands:

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

2.8 The Authority will avoid locking into longer term deals whilst investment rates are down at such low levels unless exceptionally attractive rates are available which make longer term deals worthwhile.

2.9 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 small bank account balances in the Business Premium Account on a daily basis if the interest rate is favourable.

2.10 In the first half of the year the current account has not been overdrawn.

REVIEW OF THE INVESTMENT PORTFOLIO

2.11 The Authority's priority is to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with its risk appetite. As shown by interest rate forecasts in Appendix A, investment returns are currently low when compared with rates commonly seen in previous decades. The current economic environment prompts a low risk and short-term investment strategy.

2.12 Investments at 31 October 2021 totalled £13.5m and are all held with banks or building societies. Investment rates are monitored within the benchmarking

group supported by Link Asset Services. The group consists of 14 members, including NFRS. The latest report (June 2021) showed NFRS's weighted average rate of return to be 0.14% compared with a group average of 0.16%. As at 31 October NFRS's weighted average rate of return was 0.13% and the weighted average life (WAL) of its investments was 55 days.

- 2.13 The Authority has adopted a liquidity benchmark, which is a WAL of approximately 3 months and recommended maximum WAL limit of 0.40 years. The current WAL is just under 2 months, meaning that the portfolio has a higher level of liquidity.
- 2.14 The Authority's yield benchmark is for investment returns to be above the 3-month LIBID (London Interbank Bid rate) rate. LIBID is calculated using market convention of 1/8th (0.125%) taken off the LIBOR (London Interbank Offered rate) figure. This methodology is currently giving negative rates for LIBID (-0.04% at 31 October). Both LIBID and LIBOR rates will cease from the end of 2021. Work is currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average) and a new benchmark will be adopted in the 202/23 Treasury Management Strategy.
- 2.15 The approved limits within the Authority's Annual Investment Strategy have not been breached during the period from 1 April 2021 to 31 October 2021.
- 2.16 The Authority's budget for investment interest for 2021/22 is £20k. The forecast outturn for the 2021/22 financial year is £12k as rates have remained lower than forecasted when the budget was set.

REVIEW OF THE BORROWING STRATEGY

- 2.17 The strategy for 2021/22 is to use a combination of capital receipts, borrowing and internal funds to finance capital expenditure.
- 2.18 In the Treasury Management Strategy, it was predicted that the Authority would need to borrow up to £14.5m during the 4-year period from 1 April 2021 to finance the capital programme and replace £3m of maturing loans. The Authority has repaid £26k of principal relating to annuity loans and has not repaid any maturity loans in the period to 31 October. The Authority has taken a £2m maturity loan from the Public Works Loans Board (PWLB) in October, and it is likely that more long-term borrowing will be taken before the end of the financial year while interest rates are relatively favourable. No short-term borrowing has been undertaken.
- 2.19 PWLB rates were on a falling trend between May and August but then began to rise towards the end of September as speculation grew about increases in bank rate. However, rates have since fallen back again. The 50-year target rate recommended by Link currently stands at 2.00%.
- 2.20 The Authority's capital financing requirement (CFR) as at 31 March 2021 was £26.67m, and the estimate for 2021/22 is £31.97m. The CFR denotes the Authority's underlying need to borrow for capital purposes. Current borrowing stands at £28.93m. As borrowing rates are currently higher than investment

rates the Authority can avoid carrying costs by not borrowing too far in advance of expenditure, however a balance needs to be struck between avoiding unnecessary carrying costs and managing the interest rate risk which arises from delaying borrowing while interest rates are at relatively low levels.

- 2.21 No rescheduling of debt has taken place to date, as the interest rate climate has not resulted in an advantageous environment for rescheduling.
- 2.22 All aspects of the borrowing strategy remain in place at this mid-point in the year.

REVIEW OF COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

- 2.23 The following indicators were approved by Members for the 2021/22 financial year. As at 31 October, the actual performance was as shown in the final column of the table below.

Treasury or Prudential Indicator or Limit	Approved for 2021/22	Actual as at 31/10/21
Estimate of Ratio of Financing Costs to Net Revenue Stream	5.4%	Not available until year end
Estimate of Total Capital Expenditure to be Incurred	£5,835,000	£7,977,000
Estimate of Capital Financing Requirement	£31,971,000	Not available until year end
Operational Boundary	£33,959,000	Not exceeded
Authorised Limit	£38,255,000	Not exceeded
Upper limit for fixed rate interest exposures	100%	100%
Upper limit for variable rate interest exposures	30%	0%
Loan Maturity:	<u>Limits:</u>	
Under 12 months	Upper 20% Lower 0%	0.1%
12 months to 5 years	Upper 30% Lower 0%	10.4%
5 years to 10 years	Upper 75% Lower 0%	12.1%
10 years to 20 years	Upper 100% Lower 0%	6.9%
Over 20 years	Upper 100% Lower 30%	70.5%
Upper Limit for Principal Sums Invested for Periods Longer than 364 Days	£2,000,000	Not applicable

3. FINANCIAL IMPLICATIONS

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

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

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

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken 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 update on treasury management activity during the 2021/22 financial year as required under the Local Government Act 2003.

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

None.

Becky Smeathers
TREASURER TO THE FIRE AUTHORITY

INTEREST RATE FORECASTS 2021 – 2025

APPENDIX A

PWLB forecasts shown below have taken into account the 20 basis point certainty rate reduction

Link Group Interest Rate View 8.11.21														
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.10	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.50	0.60	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00
10 yr PWLB	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40
25 yr PWLB	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70
50 yr PWLB	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50
Bank Rate														
Link	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
Capital Economics	0.25	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	-	-	-	-	-
5yr PWLB Rate														
Link	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00
Capital Economics	1.60	1.70	1.70	1.80	2.10	2.10	2.10	2.10	2.10	-	-	-	-	-
10yr PWLB Rate														
Link	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40
Capital Economics	1.80	1.90	2.00	2.20	2.30	2.30	2.30	2.30	2.30	-	-	-	-	-
25yr PWLB Rate														
Link	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70
Capital Economics	2.10	2.20	2.40	2.60	2.70	2.80	2.80	2.80	2.90	-	-	-	-	-
50yr PWLB Rate														
Link	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50
Capital Economics	1.90	2.00	2.20	2.40	2.50	2.60	2.60	2.60	2.70	-	-	-	-	-

Source: Link Asset Services 10/11/2021

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NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

NATIONAL SCHEME FOR AUDITOR APPOINTMENTS

Report of the Chief Fire Officer

Date: 17 December 2021

Purpose of Report:

To set out proposals for appointing the external auditor to the Authority for the accounts for the five-year period from 2023/24.

Recommendation:

That Members accept Public Sector Audit Appointment's invitation to opt into the sector-led option for the appointment of external auditors for five financial years from 01 April 2023.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Authority opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23. Ernst & Young are the Authority's appointed auditors for this period.
- 1.2 PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make important decisions about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join the national collective scheme administered by PSAA.
- 1.3 The Authority will need to respond formally to PSAA's invitation by the deadline of 11 March 2022.

2. REPORT

PROCUREMENT OF EXTERNAL AUDIT FOR THE PERIOD 2023/24 TO 2027/28

- 2.1 Under the Local Government Audit & Accountability Act 2014 ("the Act"), the Authority is required to appoint an auditor to audit its accounts for each financial year. The Authority has three options:
 - To appoint its own auditor, which requires it to follow the procedure set out in the Act;
 - To act jointly with other authorities to procure an auditor following the procedures in the Act;
 - To opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).
- 2.2 The decision to opt into the national scheme must be made by Fire Authority.

THE APPOINTED AUDITOR

- 2.3 The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and Best Value assessment of the Authority in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating

questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.

- 2.4 The auditor must act independently of the Authority and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.
- 2.5 The auditor must be registered to undertake local audits by the Financial Reporting Authority (FRC) employ authorised Key Audit Partners to oversee the work. As the report below sets out there is a currently a shortage of registered firms and Key Audit Partners.
- 2.6 Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the next audit contract.
- 2.7 Authorities therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

APPOINTMENT BY THE AUTHORITY ITSELF OR JOINTLY

- 2.8 The Authority may elect to appoint its own external auditor under the Act, which would require the Authority to:
 - Establish an independent Auditor Panel to make a stand-alone appointment. The auditor panel would need to be set up by the Authority itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends.
 - Manage the contract for its duration, overseen by the Auditor Panel.
- 2.9 Alternatively, the Act enables the Authority to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Authority under the Act and the Authority would need to liaise with other local authorities to assess the appetite for such an arrangement.

THE NATIONAL AUDITOR APPOINTMENT SCHEME

- 2.10 PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit

organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

2.11 In summary the national opt-in scheme provides the following:

- The appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- Managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- Ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- Minimising the scheme management costs and returning any surpluses to scheme members;
- Consulting with authorities on auditor appointments, giving the Authority the opportunity to influence which auditor is appointed;
- Consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- Ongoing contract and performance management of the contracts once these have been let.

PRESSURES IN THE CURRENT AUDIT MARKET AND DELAYS IN ISSUING OPINIONS

2.12 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements, and local audit fees had been reducing over a long period. 98% of those bodies eligible opted into the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.

2.13 During 2018 a series of financial crises and failures in the private sector year led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government: Sir John Kingman's review of the Financial Reporting Authority (FRC), the audit regulator; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and Sir Tony Redmond's review of local authority financial reporting and external audit. The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.

- 2.14 The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible. To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.
- 2.15 This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with Covid-19 creating further significant pressure for finance and audit teams.
- 2.16 None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.

THE INVITATION

- 2.17 PSAA is now inviting the Authority to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the Authority's auditor. Details relating to PSAA's invitation are provided in Appendix 1 to this report.

THE NEXT AUDIT PROCUREMENT

- 2.18 The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:
- Seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;
 - Continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme);

- continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned (the Service's share of this was £4,720).

2.19 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.

2.20 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office), the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.

2.21 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

ASSESSMENT OF OPTIONS

2.22 If the Authority did not opt in there would be a need to establish an independent auditor panel to make a stand-alone appointment (see Section 2.8). Alternatively, the Act enables the Authority to join with other authorities to establish a joint auditor panel (Section 2.9).

2.23 These would be more resource-intensive processes to implement for the Authority, and without the bulk buying power of the sector-led procurement would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process. The Authority is unable to influence the scope of the audit and the regulatory regime inhibits the Authority's ability to affect quality.

2.24 The Authority and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.

- 2.25 The national offer provides the appointment of an independent auditor with limited administrative cost to the Authority. By joining the scheme, the Authority would be acting with other Authorities to optimise the opportunity to influence the market that a national procurement provides.
- 2.26 The recommended approach is therefore to opt into the national auditor appointment scheme.

3. FINANCIAL IMPLICATIONS

- 3.1 The Local Audit and Accountability Act 2014 specifies that Authorities must fund the cost of “reasonable expenses” of the Auditor Appointment Panel. Should the Authority decide to go down the route of appointing its own auditors (see Section 2.8) the remuneration costs of the Audit Panel would need to be met, along with any resourcing costs, procurement, and legal costs. It is difficult to determine how much this would be.
- 3.2 PSAA takes 4% of the audit fees charged to the Authorities it represents. As overall audit fees have increased, the income PSAA receives has also increased. However, PSAA operates on a not-for-profit basis, any surpluses are refunded back to Authorities. NFRS received a refund of £4,720 relating to PSAAs 2020/21 accounts.
- 3.2 The external audit fees for the 5 years to 2022/23 were set at £23,909. Amendments to the audit regulatory framework the increased workloads of auditors, as set out in this report, have resulted in a significant increase in fees. Future audit costs could be expected to be as much as £75k.

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 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

- 7.1 Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
- 7.2 Section 8 governs the procedure for appointment including which states that the function of appointing a local auditor to audit its accounts is the responsibility of full Authority.
- 7.3 Section 12 makes provision for the failure to appoint a local auditor. The Authority must immediately inform the Secretary of State, who may direct the Authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the Authority.
- 7.4 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 The principal risks are that the Authority:
- Fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
 - Does not achieve value for money in the appointment process.
- 8.2 These risks are considered best mitigated by opting into the sector-led approach through PSAA.

9. COLLABORATION IMPLICATIONS

Collaboration is best achieved by working alongside partner organisations in the audit appointment process.

10. RECOMMENDATIONS

That Members accept Public Sector Audit Appointment's invitation to opt into the sector-led option for the appointment of external auditors for five financial years from 01 April 2023.

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

None.

John Buckley
CHIEF FIRE OFFICER

22 September 2021

To: Mr Buckley, Chief Executive
Nottinghamshire and City of Nottingham Fire Authority

Copied to: Ms Smeathers, S151 Officer
Cllr Clarke, Chair of Audit Committee or equivalent

Dear Mr Buckley,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley
Chief Executive

Encl: Summary of the national scheme

Why accepting the national scheme opt-in invitation is the best solution

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

Opting in

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

Local Government Reorganisation

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

Next Steps

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

PRINCIPAL OFFICER PAY REVIEW

Report of the Clerk and Treasurer to the Fire and
Rescue Authority

Date: 17 December 2021

Purpose:

To consider the outcomes from the Principal Officer pay review, which is undertaken on a two-yearly basis, and seeks a recommendation to the Combined Fire Authority in line with the Authority's Pay Policy.

Recommendations:

That the Fire Authority agree to the continuation of the current level of pay for the Principal Officers from 1 January 2022.

CONTACT OFFICER

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Media Enquiries Contact:	Simon Cotton (0115) 967 0880 simon.cotton@notts-fire.gov.uk

1. BACKGROUND

1.1 The conditions of service for Principal Officers within Nottinghamshire Fire and Rescue Service (NFRS) are largely determined by the National Joint Council (NJC) for Brigade Managers of Local Authority Fire and Rescue Services. The NJC seeks to reach agreement on a national framework of pay and conditions for Brigade Managers for local application throughout the Fire and Rescue Services in the UK. Collectively the agreements are contained within the “Gold Book”.

1.2 The Gold Book makes the following statements with regard to salary and also gives advice and guidance to Authorities on pay determination, as attached as Appendix A of this report:

“The NJC will publish annually recommended minimum levels of salary applicable to Chief Fire Officers employed by Local Authority Fire and Rescue Authorities.

There is a two-track approach for determining pay for Brigade Manager roles:

- (i) at a national level, the NJC shall review annually the level of pay to all of those covered by this agreement;
- (ii) all other decisions about the level of pay and remuneration to be awarded to individual Brigade Manager roles will be taken by the Fire Authority locally who will annually review those salary levels” – advice on other considerations when setting salary levels has also been provided by the NJC and is included within Appendix A.

1.3 At its meeting on 31 January 2014, the Policy and Strategy Committee agreed revised benchmarking arrangements as part of its local review of Chief Officer pay. The comparator group comprises of 18 Fire and Rescue Services who form the “Family Group” of authorities who are similar to the Nottinghamshire Fire and Rescue Service in terms of population size, deprivation levels, risk area and total fire calls. In determining its decision on an appropriate pay level, it was agreed that consideration would be given to the median average salary of this review group. Those Fire and Rescue Authorities who make up the Family Group are set out at Appendix B.

2. REPORT

2.1 In accordance with the Authority’s published Pay Policy, Principal Officer salary levels are reviewed in line with national pay agreements on an annual basis and are subject to local review every two years.

2.2 The salaries applied to Principal Officers below the level of Chief Fire Officer are based upon a % of the Chief Officer salary, as follows:

- Deputy Chief Fire Officer – 82.5%
- Assistant Chief Fire Officer – 75%

2.3 Additionally, appointments to new Principal Officer roles are normally applied within the following scale:

First year in role:	90% of full pay
Second year in role:	95% of full pay
Thereafter:	100% of full pay

The Authority has discretion to appoint higher within the scale subject to individual circumstances. Approval for progression between the pay points are subject to confirmation of satisfactory performance in role and are confirmed by the Chair of the Fire Authority (Chief Fire Officer) or by the Chief Fire Officer (Deputy and Assistant roles).

- 2.4 The last salary review took place in 2019 and was considered by the Fire Authority on 20 December 2019. This review did not support a local increase in Principal Officer pay for the period commencing January 2020.
- 2.5 However, the pay of the Chief Fire Officer, Deputy and Assistant Chief Fire Officer has increased in line with the application of incremental and national pay awards since this time, in line with their agreed contractual terms. This saw an increase of 2% from 1 January 2020 and 1.5% from 1 January 2021.
- 2.6 All Principal Officers are currently remunerated at the full pay rate.
- 2.7 The Chief Fire Officer pay rate is currently £161,925 per annum, which includes the application of the national 1.5% pay award agreed from 1 January 2021.
- 2.8 A benchmarking review has been undertaken using the salary data from the “family group” of fire authorities. However, this is based on the data from fifteen respondents as three did not respond. The outcome of this review is attached as Appendix C.
- 2.9 The median salary within this group is £151,700 per annum, although the range is from £124,405 to £167,810. The maximum salary applied to the NFRS Chief Fire Officer pay band is £145,733-£161,925 per annum, with the current incumbent being paid at the top of the scale as set out in Paragraph 2.7.
- 2.10 There is nothing, therefore, that would suggest that the pay of the Chief Fire Officer in Nottinghamshire is significantly out of line with some of the other Chief Officers within the comparator group. This would indicate that the pay of the Chief Fire Officer is currently set at the appropriate level.

3. FINANCIAL IMPLICATIONS

The budget for Principal Officer pay is based on the incremental point in the three-point scale which is appropriate for each of the Officers. At this point in time the following salaries are applied:

Chief Fire Officer -	£161,925 (100%)
Deputy Chief Fire Officer -	£133,588 (100%)
Assistant Chief Fire Officer -	£121,444 (100%)

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

- 4.1 A local two-yearly review of Principal Officer pay levels forms a contractual provision for the roles of Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer.
- 4.2 Any change in the way that Principal Officer pay is undertaken by the Authority would need to be reflected in the published Pay Policy.
- 4.3 Any proposal to reduce the pay of the Chief Fire Officer to the level of the family group median salary may need to involve some level of pay protection.

5. EQUALITIES IMPLICATIONS

As there are no implications for existing policy or to service provision, no equality impact assessment has been undertaken.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

- 7.1 In line with the requirements of the Localism Act, any decisions relating to pay in excess of £100k per annum must be discussed and agreed by the full Fire Authority at a public meeting.
- 7.2 The Authority is required to publish its pay policy which includes the way in which Principal Officer pay is determined.

8. RISK MANAGEMENT IMPLICATIONS

A robust and auditable methodology for setting Principal Officer salary levels is essential if the Service is going to stand up to external and internal scrutiny in respect

of this matter. Additionally, the Service needs to ensure that it is able to recruit and retain quality officers to ensure that NFRS meets the expectations of the Service and the community.

9. COLLABORATION IMPLICATIONS

As this is a local pay review, determined by the Fire Authority, there are no collaboration implications.

10. RECOMMENDATIONS

That the Fire Authority agree to the continuation of the current level of pay for the Principal Officers from 1 January 2022.

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

None.

Becky Smeathers
TREASURER TO THE AUTHORITY

Malcolm R. Townroe
CLERK TO THE AUTHORITY

NJC GUIDANCE AND SALARY STRUCTURES

LOCAL SALARY STRUCTURES

1. When determining the appropriate level of salaries for all Brigade Managers, the FRA should refer to the relevant minimum salary of the CFO and the most relevant benchmark data.
2. Normally the FRA will wish to begin by determining appropriate salary for their most senior manager.
3. When deciding how these posts should be remunerated, the following factors are to be considered:
 - (a) The CFO's salary and that of any service staff not covered by the Scheme of Conditions of Service (Gold Book).
 - (b) The relationship of current salary to the appropriate illustrative national benchmark
 - (c) Any special market considerations.
 - (d) Any substantial local factors not common to FRA's of a similar type and size e.g. London weighting, complex local regional or national responsibilities which bring added value.
 - (e) Comparative information to be supplied on request by the Joint Sec's on salaries in similar Authorities.
 - (f) Top management structures and size of management team compared to those other Fire and Rescue Authorities of similar type and size; and
 - (g) The relative job size of each post, as objectively assessed through an appropriate Job Evaluation process or otherwise, and
 - (h) Incident command responsibility and the requirement to provide operational cover with the employing authority and beyond.

The process for setting salary levels should include consideration of the following criteria:

- Minimum salary levels for COs in relevant sized local authorities.
- Market rates of pay for service managers in a range of private and public-sector organisations; and
- Evidence of recruitment and / or retention difficulties with existing minimum rates.

FAMILY GROUP

Avon*
Cheshire*
Cleveland*
Derbyshire*
Essex*
Hampshire*
Hereford and Worcester*
Hertfordshire
Humberside*
Kent*
Leicestershire*
Lincolnshire
Nottinghamshire*
Staffordshire*
Surrey

* Combined Fire Authorities

COMPARATOR SALARY LEVELS (in ascending order)

(Please note that this information has been provided on the basis that it does not identify participant authorities.)

124,405
129,000
132,600
135,674
137,346
144,873
148,674
Median point - £151,700
155,998
157,876
157,904
161,925
164,070
164,752
167,810



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

APPOINTMENT OF CHIEF FIRE OFFICER

Report of the Chair of the Appointments Committee

Date: 17 December 2021

Purpose of Report:

To seek the approval to the recommendation of the Appointments Committee to the appointment of the next Chief Fire Officer of Nottinghamshire Fire and Rescue Service.

Recommendations:

- Agree to the appointment of Craig Parkin as Chief Fire Officer, with effect from 16 April 2022, as recommended by the Appointments Committee.
- Task the Chief Fire Officer with supporting the Authority in the recruitment of a temporary Assistant Chief Fire Officer, subject to the agreement of Recommendation 10.1 above.

CONTACT OFFICER

Name: John Buckley
Chief Fire Officer

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

Media Enquiries Contact: Corporate Communications Team
(0115) 967 0880

1. BACKGROUND

- 1.1 The Fire Authority will be aware that the current Chief Fire Officer retires from Nottinghamshire Fire and Rescue Service on 15 April 2022. As a consequence, a report was prepared for the Fire Authority at its meeting of 24 September 2021 regarding the appropriate process and transition arrangements that would be required to ensure both continuity and selection of the next Chief Fire Officer.
- 1.2 The Fire Authority approved the report and as a consequence, the selection of a replacement Chief Fire Officer began. This report details the process and the recommendation with regard to the appointment of the next Chief Fire Officer.

2. REPORT

- 2.1 As a consequence of the report to the Fire Authority, the decision was taken that the replacement would be selected from within the sector and would be a professional from the fire and rescue service. The decision was also taken to utilise the experience of a recruitment consultancy to maximise the exposure of the vacancy and also to attract greater interest.
- 2.2 An advert was placed on the National Fire Chiefs' Council website, and external recruitment specialists were contracted to assist in the appointments process. MPCG Professional Services were the successful recruitment specialists and have extensive previous experience of recruiting senior fire officers at this level and are recommended by human resources practitioners.
- 2.3 The process involved application, personal statement, written paper and presentation, profiling, a strategic operational exercise and media interview, Stakeholder Panel, and finally interview by the Appointments Committee. All of these were facilitated and arranged by MPCG with support from Nottinghamshire Fire and Rescue Service.
- 2.4 Following the process, the Appointments Committee came to the unanimous decision that the current Deputy Chief Fire Officer of the Service, Craig Parkin, should be offered the post of Chief Fire Officer subject to the approval of the Fire Authority.
- 2.5 Should the appointment be approved, it will create a vacancy of Deputy Chief Fire Officer. Due to the need to put in place capacity by the 16 April it is proposed that the current post holder will support Members to put in place temporary internal arrangements to provide operational and managerial support at the Assistant Chief Fire Officer level.
- 2.6 This will require seeking expressions of interest from the internal competent Area Managers with any perspective candidates being considered by the Appointments Committee, and final approval sought at the February 2022 Fire Authority meeting.

- 2.7 Should the Chief Fire Officer be absent during these temporary arrangements he will nominate a deputy for that period. In the unlikely event that the Chief Fire Officer is unexpectedly incapacitated, the Authority will rely upon the provisions within Standing Orders to nominate a deputy.
- 2.8 This will provide scope for the incoming Chief Fire Officer to advise the Authority, as part of the strategic workforce review detailed within the Community Risk Management Plan, to determine the future structure and appointment process.

3. FINANCIAL IMPLICATIONS

- 3.1 The Chief Fire Officer appointment will be made inline with the current Pay Policy at 90% of full pay (£145,733). This is subject to annual increases within the salary scale following assessment of satisfactory performance and decision by the Chair of the Fire Authority.
- 3.2 The Fire Authority set aside a contingency of £30k within the 2020/21 budget to support the Chief Fire Officer selection process. The costs have fallen below this ceiling. The temporary internal appointments process being proposed within this report will not require any funding as it will be undertaken within existing resources.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT

- 4.1 The use of independent human resources advisers ensured the process has been robust and has complied with all relevant legislation.
- 4.2 If approved, a formal job offer of Chief Fire Officer will be made to Craig Parkin and all contractual arrangements put in place.
- 4.3 The internal Human Resources department will support the Authority in undertaking a temporary Assistant Chief Fire Officer selection process.

5. EQUALITIES IMPLICATIONS

MPCG ensured the process has complied with all equalities requirements.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

Although there is no specific legal requirement under the Fire Services Act 2004 to appoint a Chief Fire Officer, under Section 2.4 of the National Framework for England (issued under Section 21 of the Act) there is a requirement for the Fire Authority to hold their Chief Fire Officer/Chief Executive to account for the delivery of the fire and rescue service.

8. RISK MANAGEMENT IMPLICATIONS

The early nomination of the next Chief Fire Officer ensures stability and continuity during the current transition.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Agree to the appointment of Craig Parkin as Chief Fire Officer, with effect from 16 April 2022, as recommended by the Appointments Committee.
- 10.2 Task the Chief Fire Officer with supporting the Authority in the recruitment of a temporary Assistant Chief Fire Officer, subject to the agreement of Recommendation 10.1 above.

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

None.

Councillor Michael Payne
CHAIR OF THE APPOINTMENTS COMMITTEE



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: 17 December 2021

Purpose of Report:

To report to Members the business and actions of the Fire Authority committee meetings which took place in October and November 2021.

Recommendations:

That Members note the contents of this report.

CONTACT OFFICER

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Chief Fire Officer

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Media Enquiries Contact : Corporate Communications Team
0115 967 0880 corporatecomms@notts-fire.gov.uk

1. BACKGROUND

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

2. REPORT

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

Community Safety Committee	08 October 2021
Finance and Resources Committee	15 October 2021
Human Resources Committee	05 November 2021
Policy and Strategy Committee	12 November 2021

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 Sub-Committee**

**Minutes of the meeting held at Nottinghamshire Fire and Rescue Service
Headquarters, Bestwood Lodge Drive, Arnold, Nottingham, NG5 8PD on Friday
8 October 2021 from 10:01am to 11:21am**

Membership

Present

Councillor Jason Zadrozny (Chair)
Councillor Nicola Heaton
Councillor Toby Neal (items 10-14)

Absent

Councillor Scott Carlton
Councillor Eddie Cubley
Councillor Nick Raine

Councillor Patience Uloma Ifediora
(Substitute for Councillor Nick Raine)

Colleagues, partners and others in attendance:

Candida Brudenell - Assistant Chief Fire Officer
Adrian Mann - Governance Officer, Nottingham City Council
Mick Sharman - Area Manager for Response

7 Apologies for Absence

Councillor Scott Carlton
Councillor Eddie Cubley
Councillor Nick Raine

8 Declarations of Interests

None.

9 Minutes

The Committee confirmed the minutes of the meeting held on 11 June 2021 as a correct record and they were signed by the Chair.

10 Service Delivery Performance Update

Mick Sharman, Area Manager for Response, presented a report on the performance of the Service Delivery Directorate between 1 April 2021 and 31 August 2021. The following points were discussed:

- (a) there have been no significant changes to the incident profile in the period, and the incidents in each category are of a similar level to the previous year. There has been an increase in fires attended, which has largely been due to fires being set deliberately in the open ground around the Oak Tree Estate in Mansfield. A multi-agency approach to education and enforcement is underway, to address this issue. There are a number of construction sites close to the affect area, so the Service will engage with the site developers on security considerations, where appropriate. There have been 11 serious incidents requiring multi-appliance attendance, with a number taking place within the city in high-rise residences. The tri-service response with Leicestershire and Derbyshire Fire and Rescue Services continues to be effective in managing larger incidents;
- (b) response times remain below the Service attendance standard of 8 minutes, and are likely to decrease during the winter. The Service continues to meet the attendance standards set by the Authority in a consistent way. Ongoing monitoring and assurance is in place for the Functional Collaboration Agreement between Nottinghamshire and Derbyshire Fire and Rescue Services, including for the Joint Control Room, for which three key performance measures have been agreed. The Control Room performance was close to target, with the slight shortfall in meeting the mobilising system availability standards due primarily to a prolonged technical fault during June. The fault has now been corrected and work is underway with the supplier to improve the stability of the system;
- (c) on-call availability remains a continual challenge, with a current average availability of 85.24%, which just meets the service target of 85%. However, of the 16 on-call sections, 10 are performing above target. Day shift crewing availability is now reported separately. Of the two day shift crewing stations, the position is improving at Retford, but still remains challenging at Ashfield. There is a very strong commitment the on-call sections and everything possible is being done to support on-call provision, including the introduction of a new 3-year training planner. In order to mitigate unavailability in some sections such as Ashfield, cover is provided by appliances from other areas, so no availability is left empty at any of the major stations;
- (d) on-call availability is a national issue and presents a constant challenge in recruitment and retention. A dedicated team has been established to support the sustainability of the current on-call structure and the on-call firefighters. Currently, this team has been able to increase on-call availability by just over 10%. The available resources are being aligned to areas on the basis of risk, and the team is working proactively to increase availability, which is good in the national context;
- (e) however, there is a lack of supervisory managers and incident commanders, so it is important to carry out training to build confidence amongst on-call staff to carry out these roles. The training programme has been changed significantly in 2021, and has been very successful. It is important that on-call staff are able to work as flexibly as possible, so the Service is investing in a new, easily accessible rostering system that will facilitate this. As much work as possible is required on engaging with the large communities around the on-call stations to increase numbers, with a particular focus on the day shift crewing stations. The 2020/21 recruitment campaigns generated 166 applicants, which are being supported by

the dedicated team, but a large number of applicants for on-call roles often drop out of the process;

- (f) the national conditions for on-call firefighters require a high level of time commitment, so a local contract is being trialled with more flexible terms, to make the role more accessible. The contracts will be reviewed and evaluated towards the middle of 2022, and the conclusions will be reported to the Authority. The Service recognises the challenges of increasing diversity as part of the recruitment process, so work is underway to take positive action and broaden the appeal and inclusivity of a role as a firefighter. Positive action has been most successful in increasing diversity amongst whole-time firefighters, but is proving more difficult for on-call roles;
- (g) engagement is being carried out with schools to widen awareness and outreach is carried out with a wide range of communities. There is also support available to help break down barriers to making an application for a role in the Service, including in developing the required level of fitness. There is a clear focus and challenge in place to ensure that all recruitment requirements are reasonable and necessary, and consideration is given to who might be discouraged from applying due to certain requirements. All support from members of the Authority in reaching communities is very welcome, and the details of the upcoming recruitment campaign starting on 18 October will be forwarded to members;
- (h) the Service is now returning to a 'business as usual position' following the Coronavirus lockdown, but is still providing support to the East Midlands Ambulance Service and to food banks. Emergency planning procedures are in place and the Service will provide support as needed in the event of a new emergency as part of the Local Resilience Forum. Fire prevention work continues, including the carrying out of a large number of 'safe and well' visits following lockdown, which are on track to achieve the target number of visits, which is higher than the national average;
- (i) the Committee requested that the details relating to where and when safe and well visits are being carried out, the priority areas for them and their resource allocations are circulated to members, for their information.

The Committee noted the report.

11 Response Times and Call Handling Performance

Mick Sharman, Area Manager for Response, presented a report on the Service's response times and call handling performance. The following points were discussed:

- (a) in January 2021, the Home Office published the national response times to attending incidents, which showed the Service as having a higher than average response time. However, the Home Office figures identify Nottinghamshire as a predominantly urban area, though its context is relatively different to that of the other metropolitan regions against which it is compared in the data. A tri-service review has been carried out with Leicestershire and Derbyshire, which are much more similar in context to Nottinghamshire – and the response times for the three Services are relatively similar;

- (b) the Service's response time reflects the time taken to answer a call, mobilise assets and then travel to an incident. The Service has two key performance indicators relating to answering a call and then mobilising assets. However, there is disparity across the country as to at what point response time starts to be recorded, depending upon the system that each individual service uses. As such, it is most helpful to compare the Service against others that use the same recording system;
- (c) ultimately, there are no national targets for response times, and the Service's response times do meet the targets set by the Authority, and they are decreasing. Means of reducing call handling times are under review, but a main priority of the Service is to ensure that mobilisation is properly informed by clear information, so that the right assets are sent to attend the incident. As such, the longer lead-in time recorded as part of the call handling time leads to a much more informed and effective response to the incident.

The Committee noted the report.

12 Fatal Fires Review 2020

Mick Sharman, Area Manager for Response, presented a report on the fatal fire incidents attended in 2020 and the Services' response. The following points were discussed:

- (a) the number of fire-related fatalities are relatively low, with 5 in 2020. Of there, two were adult women and three were adult men, and four were over the age of 65. Three lived alone, and 4 had mental health needs. Profiling vulnerable people is carried out as part of the Service's fire prevention activity, and a visit had been carried out at the address of one of the fatalities. Vital work is done with partners to provide education and to identify and seek to mitigate the risks to vulnerable people as much as possible. An Occupational Therapist is now in place to work with the Service and partners in engaging with vulnerable people with particularly complex needs;
- (b) reviews are carried out into the circumstances surrounding all fatal fires, and they look at previous responses, whether the victim was known to the Service, and whether the victim had been identified as being at risk. In many cases, a fire is caused as a result of a person's actions, so the main focus of risk mitigation is on addressing individual behaviour. However, the risk to an individual can be exacerbated by the nature of the building in which they live. Reassurance and engagement activities take place immediately following a serious or fatal fire to support the local community and increase awareness of fire safety.

The Committee noted the report.

13 'Areas for Improvement' from the HMICFRS Inspection 2019 Update

Candida Brudenell, Assistant Chief Fire Officer, presented a report on the Service's response to its 2019 inspection report. The following points were discussed:

- (a) Area for Improvement (AFI) 9 ('to ensure that mobile data terminals are reliable to allow staff to access risk information') is the final AFI from the last HMICFRS Inspection to be completed. Whilst significant progress has been made and a focused programme of work is underway, there are still some actions to be undertaken to mitigate problems relating to the reliability of the risk information uploaded onto the appliance data terminals. Currently, manual interventions are taking place to ensure that crews have access to the most up to date risk data;
- (b) an extension of the completion date to 31 March 2022 is required to conclude this AFI, to allow for the completion of the action plan. The additional time will allow for the implementation and testing of a planned upgrade to the data terminals. In the longer term, a process will take place to recommission the mobilising system for the Service.

Resolved to agree the extension of the completion date for Area for Improvement 9 to 31 March 2022, and to receive update reports on the progress against this outstanding Area for Improvement.

14 Fire Protection Update

Mick Sharman, Area Manager for Response, presented a report on the developments within Fire Protection. The following points were discussed:

- (a) fire protection is an important national focus and the National Fire Chief's Council has published a framework to support the changes to fire safety arising from the Grenfell Inquiry. In response, the Service has implemented a new and more detailed fire safety audit process for high-rise residential buildings;
- (b) a set of training standards has been introduced to embed the framework into ongoing practice, and new investment has been made in further specialist training on fire safety and education, to professionalise the approach to fire protection. An accreditation scheme is in place for the Service's Fire Safety Inspectors, and two members of staff are taking a Fire Engineer course. The Service is making a strong investment to establish in-house fire protection roles, and staff are being brought in at the introductory level, for development;
- (c) a full building risk review is being carried out, and partnership working is being done with a focus on high-rise premises. Unfortunately, of the buildings inspected, there has been a very low level of fire safety compliance. As such, a great deal of work is being carried out with building owners to ensure that the structures are compliant. However, there is still a substantial amount of work to be done, so the right investment must be in place to ensure good recruitment to and resourcing of fire protection roles, to fulfil the requirements of the safety standards and legislation.

The Committee noted the report.



**Nottinghamshire and City of Nottingham Fire and Rescue Authority
Finance and Resources Sub-Committee**

**Minutes of the meeting held at Nottinghamshire Fire and Rescue Service
Headquarters, Bestwood Lodge Drive, Arnold, Nottingham, NG5 8PD on Friday 15
October 2021 from 10:02am to 10:52am**

Membership

Present

Councillor John Clarke (Chair, items 11-16)

Councillor Toby Neal (Chair, item 17)

Councillor Callum Bailey

Councillor Steve Battlemuch

Councillor Eddie Cubley

Absent

Councillor John Lee

Colleagues, partners and others in attendance:

Candida Brudenell - Assistant Chief Fire Officer

Leila Henry - Head of Risk Assurance and Operational Training

Adrian Mann - Governance Officer

Ian Pritchard - Joint Head Quarters Programme Support Manager

Becky Smeathers - Head of Finance and Treasurer to the Fire Authority

11 Apologies for Absence

Councillor John Lee

12 Declarations of Interests

Councillor John Clarke declared a Disclosable Pecuniary Interest in item 17 because he is the Leader of Gedling Borough Council. He left the meeting prior to the discussion of and voting on this item.

13 Minutes

The Committee confirmed the minutes of the meeting held on 2 July 2021 as a correct record and they were signed by the Chair.

14 Revenue, Capital and Prudential Code Monitoring Report to 31 August 2021

Becky Smeathers, Head of Finance and Treasurer to the Fire Authority, presented a report on the 2021/22 financial performance of the Service and Prudential Code monitoring to the end of August 2021. The following points were discussed:

- (a) the current revenue position is close to budget, with a slight overspend of £23,000. However, inflation is now starting to grow, and the unions representing the non-uniform fire and rescue service staff nationally have rejected the latest pay award offer, meaning that there is some uncertainty in the budget that may lead to additional pressures. The pay for firefighter and support roles is set at a national level and, although agreement has been reached for the firefighter pay awards (which represents the majority of the Service's staffing costs), negotiations for the non-uniform pay will continue. Given that the Government requested a pay freeze for public sector workers, it seems unlikely that the pay awards will be accounted for in the upcoming national spending review. The Authority had to increase its Council Tax ask as part of this budget – with around three quarters of the Service's income coming from Council Tax and Business Rates, and around one quarter from the national grant;
- (b) the budget for next year is being developed, with provision for both general and wage inflation. Increasing ICT costs will be brought through into the Medium-Term Financial Strategy (MTFS) for December, along with a ten-year capital plan. The Service could be subject to a high level of pressure in relation to the capital programme in the medium term, so it will be reviewed as part of the budgeting process, and it may be necessary to extend the period between building new fire stations. However, no major cuts or additional funding requirements are anticipated, currently;
- (c) in terms of the capital programme, the project to replace the Eastwood Fire Station is due to commence in 2022/23, but feasibility work for this project needs to begin in 2021/22 to enable works to start in 2022/23. As such, a budget of £16,000 needs to be brought forward to fund the associated costs;
- (d) the project to move to a new joint headquarters with Nottinghamshire Police is proceeding to timetable and within the budget envelope, on the basis of a fixed-price agreement with the contractor. However, there are a number of planned projects where tendering and procurement processes have not yet been carried out that will be affected by potential increases in inflation and building costs, so this will need to be reflected in the MTFS;
- (e) there is a Special Appliances budget of £150,000 for the purchase of replacement Aerial Ladder Platforms, but the project is now on hold as a special vehicle review is taking place, so the budget needs to be carried forward into 2022/23. In addition, a review of the ICT Replacement Programme has found that some IT equipment at fire stations had not been accounted for. This equipment is becoming obsolete and requires replacing as a matter of urgency, so it is anticipated that £125,000 will be needed to fund this project;
- (f) in terms of the prudential code monitoring, borrowing remains within the limits set by the Authority, and stands currently at £28.9 million. Due to the potential for interest rates to rise, the planned borrowing of £2 million for capital financing costs has been brought forward.

To mitigate against rising costs, the Service is now holding larger stocks of important supplies, and the Procurement team is monitoring the supply situation closely.

Resolved:

- (1) to approve the early commencement of feasibility work for the Eastwood Fire Station capital project, requiring £16,000 of expenditure to be brought forward into 2021/22;**
- (2) to approve the slippage of expenditure of £150,000 in the Special Appliances capital budget into 2022/23;**
- (3) to approve an increase to the ICT Replacement Equipment capital budget of £125,000, to be funded from underspends of £20,000 from the Performance Management System budget, £30,000 from the Business World Upgrade budget, and £75,000 from the Hucknall Fire Station budget.**

15 Corporate Risk Management, Including Management of Operational Road Risk

Leila Henry, Head of Risk Assurance and Operational Training, presented a report on the Corporate Risk Management Process. The following points were discussed:

- (a) the risks relating to the Coronavirus pandemic have been de-escalated, but remain high. Governance and performance management processes for a pandemic situation are in place, and measures to prevent the spread of infection remain active, particularly for station-based staff. The staff response to Coronavirus was very strong, with very few cases of infection – the majority of staff absence during the pandemic was due to the requirement to self-isolate following contact, rather than as a result of catching the virus. With winter approaching, staff also have access to flu vaccinations. Recovery processes are progressing well and the situation continues to be monitored, with the business continuity group meeting on a monthly basis;
- (b) the availability of resources has been escalated as a risk due to supply chain disruption and the increasing cost of gas. Supplies of smoke detectors have been re-stocked. The recent fuel supply problems had a minimal impact upon the Service, due to its bunkered fuel stores;
- (c) in terms of staffing sustainability, some key support roles have become vacant and, due to the relatively small size of the organisation and its support teams, this could have an operational impact – particularly in specialist areas such as ICT. Work is underway to develop resilience internally, and structures for cover are being established in collaboration with other fire and rescue services. A significant project to provide assurance and mitigation in response to problems with the mobile data terminals on appliances is in place, to ensure the safety of crews;
- (d) the Corporate Risk Register includes specific reference to operational road risk because, around five years ago, a number of high-cost collisions involving appliances travelling to incidents led to the insurer withdrawing cover. To mitigate this risk, a dedicated working group was put in place to reduce the number of vehicle collisions. This includes the high-cost potential incidents when appliances are responding to incidents, but also the low-

cost but high frequency collisions that can occur during the low-speed manoeuvring of appliances – so crews have been trained to guide drivers down narrow roads with on-street parking to limit damage as much as possible. To date, the working group has achieved a 41% reduction in vehicle collisions, resulting in a saving of £50,000 in insurance costs;

- (e) the Committee extended its thanks to all staff who have played a part in bringing about the large reduction in operational road risk incidents, as this represents a substantial achievement.

The Committee noted the report.

16 Exclusion of the Public

Resolved to exclude the public from the meeting during consideration of the remaining items in accordance with Section 100A of the Local Government Act 1972, under Schedule 12A, Part 1, Paragraph 3, on the basis that, having regard to all the circumstances, the public interest in maintaining an exemption outweighs the public interest in disclosing the information.

- **Chair**

As Councillor John Clarke, Chair of the Committee, declared a Disclosable Pecuniary Interest and left the meeting, Councillor Toby Neal chaired the rest of the meeting.

17 Update on the Land and Legal Title of the Headquarters at Bestwood Lodge

Councillor John Clarke declared a Disclosable Pecuniary Interest in this item because he is the Leader of Gedling Borough Council. He left the meeting prior to the discussion of and voting on this item.

Ian Pritchard, Joint Head Quarters Programme Support Manager, presented a report on the actions taken to resolve any issues relating to the land and legal title of the Service's Headquarters at Bestwood Lodge.

The Committee noted the report.



Nottinghamshire and City of Nottingham Fire and Rescue Authority Human Resources Sub-Committee

**Minutes of the meeting held at the Nottinghamshire Fire and Rescue Service
Headquarters, Bestwood Lodge Drive, Arnold, Nottingham, NG5 8PD on Friday 5
November 2021 from 10:00am to 11:35am**

Membership

Present

Councillor Patience Uloma Ifediora
(Chair)
Councillor Bethan Eddy
Councillor Tom Hollis
Councillor Roger Jackson
Councillor Gul Nawaz Khan
Councillor Toby Neal

Absent

None

Colleagues, partners and others in attendance

Adrian Mann - Governance Officer, Nottingham City Council
Craig Parkin - Deputy Chief Fire Officer
Matt Sismey - Organisational Development and Inclusion Manager

10 Apologies for Absence

None.

11 Declarations of Interests

None.

12 Minutes

The Committee confirmed the minutes of the meeting held on 2 July 2021 as a correct record and they were signed by the Chair. The following matters arising from the minutes were discussed:

- (a) best practice for on-call contracts is being reviewed at a national level, but very different issues affect different areas. Following discussions with staff and trade unions, a pilot for a new form of on-call contracts is underway and a report on the outcomes will be produced for the second half of 2022;

- (b) the pilot will be taking place at a couple of different stations. It is hoped that the more flexible offer will attract a wider range of people and positive engagement is underway with the communities around those stations. It is important that all communities local to the stations are engaged with effectively, particularly those that are most disadvantaged;
- (c) a communications programme and 'have a go' days are in place to help communities understand what it means to be an on-call firefighter. Engagement is also in place with employers, including local authorities, to help raise awareness. However, resources are limited, so careful consideration will be required as to where these resources can be best deployed to achieve the greatest effect.

13 Human Resources Update

Craig Parkin, Deputy Chief Fire Officer, presented a report on the key Human Resources metrics for the period of 1 June 2021 to 30 September 2021. The following points were discussed:

- (a) wholetime staffing is above the approved establishment level currently, in preparation for upcoming leavers – with a number of the new wholetime staff going through initial training. There are 79 firefighters on dual contracts to support on-call provision, but this can cause coverage issues if a dual contract firefighter has an unexpected absence, such as due to sickness. As such, there is a significant focus on on-call recruitment. Numbers in the support staff are also above the approved establishment level, but this is because several people in this area are carrying out temporary roles on fixed-term contracts;
- (b) the Workforce Plan has been accurate in forecasting the number of leavers and starters. However, there have been resilience problems caused by the departure of some specialist support staff;
- (c) the rate of sickness absence has risen to above the national average, which is an unusual result for the Service. The primary causes of long-term sickness absence are musculo-skeletal injuries and mental health, and the two issues can become connected where long-term physical illness gives rise to mental health problems. A well-established 'return to work' process supports staff in coming back after a long period of physical injury, guided by medical advice. There is also provision for returning to a modified role, to facilitate the transition back into work;
- (d) sickness absence has also been increased due to some operations that would have taken place during the Coronavirus pandemic being delayed, and staff found it more difficult to get medical appointments during the pandemic. Good internal mental health and wellbeing assistance continues to be in place to support staff. The reasons for poor mental health are varied and can relate to non-work issues, but the Coronavirus pandemic has worn down staff resilience and may have made some mental health problems worse;
- (e) although sickness absence is unusually high, particularly as it was so low during the pandemic, the reasons behind the sickness absence do not appear to be out of the ordinary. However, the position will be monitored closely over the coming reporting periods, to ensure that the right provision is in place;

- (f) currently, there are no disciplinary, grievance or harassment and bullying cases underway;
- (g) steps are underway to manage any tensions or anxieties that might arise as more staff return to working in the office more regularly. All firefighters continued to operate throughout the pandemic, but are now returning to other face-to-face frontline functions such as 'safe and well' visits and fire protection activity. Managers are having ongoing conversations with teams and individuals on the impact of returning to the office, particularly in the context of moving to a new headquarters site. A policy for agile working is being developed. Staff morale is being monitored closely, and the current feedback is largely positive.

The Committee noted the report.

14 Equalities Monitoring

Matt Sismey, Organisational Development and Inclusion Manager, presented a report on the breakdown of the workforce and applicant analysis by protected characteristic for the period 1 April 2021 to 30 September 2021. The following points were discussed:

- (a) there has been a small, gradual increase in staff numbers in the underrepresented groups in the Service, with a particular increase in those identifying as lesbian, gay or bisexual, particularly amongst new starters. The Service's figures for underrepresented groups are broadly in line with the national average for the sector. However, the number of staff who are Black, Asian and Minority Ethnic (BAME) remains low, and the Service is finding it challenging to encourage BAME people to apply for roles in the organisation;
- (b) work is underway with communities, with a Community Engagement Manager and BAME community advisory group in place to ensure that this engagement is done continually and through all interactions with the Service, rather than just in recruiting periods. It is the aim to continue to integrate inclusion into everything that the Service does. Positive action opportunities are being developed across all teams, and 'safe and well' visits represent one, important channel for raising awareness about the Service in communities;
- (c) the Service is taking a broad approach to positive action and developing internal employee networks, which are now becoming more integrated. The number of women in leadership roles still needs to grow and, primarily, this will be enabled by recruiting more female firefighters. As such, the current focus on bringing more women into operational roles in the Service is at the entry level, though work is being carried out nationally to seek to develop appropriate avenues for direct entry to management positions;
- (d) the declaration rate amongst support staff is consistent with the national average. The Service is working hard with existing staff on encouraging declarations relating to disability to ensure that all staff can be properly supported, and there is funding in place to make reasonable adjustments in the workplace for disability. Specific work is underway with personnel with dyslexia. The policy and provisions for supporting

employees with disabilities is included in recruitment-related communications, to try to ensure that potential applicants are aware of the assistance that is available;

- (e) much more of the workforce has now been engaged on LGBTQ+ issues the Service continues to work with Stonewall to improve its approach in this area. Steps have also been taken to develop staff knowledge of religion and how to engage with citizens with different beliefs effectively, through podcasts and both face-to-face training and e-learning. There is a growing confidence amongst staff to be themselves in the workplace;
- (f) preparation is underway for a new stage of firefighter recruitment, and a number of awareness days will be held. It is intended to challenge the traditional narrative around who firefighters are and what they do, to attract as wide a range of applicants as possible;
- (g) the Committee noted that strong staff networks, along with effective strategy and policy, is important in attracting the widest possible range of people during recruitment activity. It is vital that the Service seeks to engage actively with the most disadvantaged communities that it serves, and be aware of their needs;
- (h) the Committee queried whether there is a specific engagement plan for Nottingham City itself, as it is where a large number of the BAME people within the Service's area live, and asked that the Service's community engagement plans are discussed in more detail at a future meeting.

The Committee noted the report.

15 Equal Pay Audit

Craig Parkin, Deputy Chief Fire Officer, presented a report on the findings of the Equal Pay Audit, gender pay gap reporting and ethnicity pay gap information. The following points were discussed:

- (a) the report has been carried out in line with the Gender Pay Gap Regulations to identify any inequality issues in pay. Currently, there are fewer women in senior and on-call roles, so positive action and talent spotting in the workforce is underway to grow the number of women in these areas;
- (b) investment is being made in 'future leaders', to support female firefighters in training for supervisory and senior management roles over the next few years. Structures are needed to help overcome any potential barriers, such as returning to work following a period of maternity leave. Flexible working continues to develop, but this can be challenging in the context of ensuring fully-crewed wholetime firefighter shifts, so provision needs to be considered carefully. A women's network is in place, to develop engagement on these issues;
- (c) ultimately, the Service operates a grading system whereby each type of role has a set salary. The identified gap is because there are more men than women in the Service, and in its senior roles. However, all staff members holding the same role earn the same salary;

- (d) the Committee noted that, as such, the Equal Pay Audit must be understood within the wider equality context. Primarily, the issue that the report identifies is that there is an imbalance in the number of men and women that are recruited into the Service, which the Service should seek to address, rather than that there is a disparity in how men and women are paid for carrying out the same role.

The Committee noted the report.

16 Agile Working

Craig Parkin, Deputy Chief Fire Officer, presented a report on proposals for implementing agile working arrangements for Service employees. The following points were discussed:

- (a) a policy for agile working arrangements has been developed, following the experiences of the Coronavirus pandemic and in the context of the upcoming move to the new joint headquarters. The Service moved to remote working during the pandemic rapidly, and it is clear that it is not necessary for all office staff to work from their main office for all of the time. As such, staff will be able to apply for agile working, creating a balance of office-based and remote working. However, it will be vital to manage business continuity and both individual and team performance closely in this context, to ensure that services continue to be delivered as effectively as possible;
- (b) the representative bodies of both uniformed and non-uniformed staff have been engaged with fully as part of the development of the policy, and have been supportive of the proposals;
- (c) the new joint headquarters was designed before the Coronavirus pandemic. Although the office working space will be shared, it will still have the capacity to accommodate the current headquarters workforce numbers in full. However, discussions are underway with the Police on how to use the shared space as effectively as possible in an agile working context.

Resolved to support the Service's implementation of the Agile Working Policy.

17 Review of the People Strategy

Craig Parkin, Deputy Chief Fire Officer, presented a report on the progress of the People Strategy for 2020 to 2022. The following points were discussed:

- (a) the People Strategy is key to the delivery of the Strategic Plan 2019-22, and sets out how the Service will address and prioritise workforce issues to meet the Plan's aims and objectives. In terms of key activities, the firefighter apprentice scheme is progressing well and has had a good first Ofsted report. The Workforce Plan has been refreshed to inform recruitment planning, and recruitment and promotion processes are in place. A Community Engagement Plan and Equality and Inclusion Plan have been produced, and a report on the on-call position is underway;
- (b) strong employee networks and champions are in place. A new Black, Asian and Minority Ethnic Community Advisory Group has been established to engage with

how services are delivered to communities. Engagement is also underway with both Service and Police staff networks on the upcoming move to a joint headquarters. The focus on supporting both good physical and mental health and wellbeing continues, and the Service is working hard to support staff on maintaining their needed fitness levels and physical conditioning.

The Committee noted the report.

18 Exclusion of the Public

The Committee resolved to exclude the public from the meeting during consideration of the remaining items in accordance with Section 100A of the Local Government Act 1972, under Schedule 12A, Part 1, Paragraphs 1 and 3, on the basis that, having regard to all the circumstances, the public interest in maintaining an exemption outweighs the public interest in disclosing the information.

19 Exempt Minutes

The Committee confirmed the exempt minutes of the meeting held on 2 July 2021 as a correct record and they were signed by the Chair.

20 Changes to the Permanent Establishment

Craig Parkin, Deputy Chief Fire Officer, presented a report on proposed changes to the Service's current permanent establishment.

Resolved to support the recommendations as set out in the exempt report.

21 Regrading of Posts

Craig Parkin, Deputy Chief Fire Officer, presented a report on the outcomes of the latest Job Evaluation process, which has led to permanent changes to the non-uniformed establishment.

The Committee noted the report.



Nottinghamshire and City of Nottingham Fire and Rescue Authority Policy and Strategy Committee

**Minutes of the meeting held at Nottinghamshire Fire and Rescue Service
Headquarters on 12 November 2021 from 10.02 am - 10.50 am**

Membership

Present

Councillor Michael Payne (Chair)
Councillor Sybil Fielding
Councillor Toby Neal (minutes 11-13)
Councillor Roger Jackson
Councillor Tom Hollis (substitute for Councillor Jason Zadrozny)

Absent

Councillor John Lee
Councillor Jason Zadrozny

Colleagues, partners and others in attendance:

Craig Parkin	Deputy Chief Fire Officer
Malcolm Townroe	Clerk and Monitoring Officer to the Authority
Becky Smeathers	Head of Finance and Treasurer to the Authority
Catherine Ziane-Pryor	Governance Officer

9 Apologies

Apologies were received from

Councillor Jason Zadrozny (Councillor Tom Hollis in attendance as a substitute)
Councillor John Lee
John Buckley, Chief Fire Officer

10 Declarations

No declarations of interests were made but it was noted that both Councillor Sybil Fielding and Becky Smeathers, Head of Finance and Treasurer to the Authority, are heavily involved in the Pensions Board, from which a report is submitted today.

11 Minutes

The minutes of the meeting held on 2 July 2021 (not 7 July 2021 as stated in error on the agenda) were confirmed as a true record and signed by the Chair.

12 Local Firefighter Pension Annual Report 2020/21

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report which informs members of the activities of the Local Firefighter Pension Board and Scheme Manager up to 31 October 2021.

The following points regarding current pension issues were highlighted and questions from members responded to:

- a) following McLeod's finding that the 2015 firefighters pension scheme is age discriminatory, the case has been settled out of court and the Local Government Association (LGA) and Fire Brigades Union (FBU) have negotiated a memorandum of understanding and a framework agreement for handling immediate detriment cases;
- b) affected members of the 2015 pension scheme can be separated into two categories:

category one, members continuing to work up to retirement;
category two, members who have already retired and need a retrospective adjustment to their pensions;
- c) the Final Remedy Legislation should come into place in October 2023 but the courts have indicated that employers have a duty to address the age discrimination with immediate effect. Immediate Detriment is already being applied to category one members. Work to identify members in category two will start shortly;
- d) there is a risk that when the legislation finally comes into effect, it may slightly differ from the current proposal around which the framework was formulated, but if this is the case, the figures for any affected members will be reviewed;
- e) Central Government have provided a £63,000 grant, the majority of which is likely to be required by West Yorkshire Pension Fund (WYPF), which provides pension services to 21 Fire and Rescue Authorities, to update the pension system as currently calculations for individual cases are done by hand;
- f) there is concern regarding the required timescales for identifying people affected, which is predicted to be between 20 and 30 members, so NFRS are working to identify cases and forward them to WYPF;
- g) previously pension schemes included 1995, 2006, and then 2015, with some members nearing retirement, being moved onto the new scheme. However, as this took place on different dates, it was found to be discriminatory. All currently serving pension scheme members will change to the 2015 pension scheme as of 1 April 2022;
- h) there will be a financial impact on NFRS Payroll and HR as it has been necessary to authorise payroll overtime to complete the 'additional' work, the cost of which is predicted to be within the region of £5-6k but the ongoing costs cannot yet be quantified. An additional administrator in HR may be appointed to support the

work (dependent on budget approval), with additional costs to NFRS from WYPF likely to be £2-3K, which in the circumstances, can be considered reasonable;

- i) nationally, it is not clear how the tax implications will be refunded in some cases. However, the framework expects Fire Authorities to make good any payments to retired members to cover the tax variation element. Members will receive an update once the position of NFRS in reclaiming tax and interest payments has been clarified;
- j) promotion can have an impact on pension benefit and so whilst there is uncertainty on the impact, there has been a slowdown in staff applying for promotion. This is predicted to continue until the pension situation is clarified, so there has also been an operational impact;
- k) as employer rates increased by 9%, and the cost of the scheme varied more than 2%, a review of the 2015 scheme cost cap mechanism has been undertaken and the results are out for consultation with the aim to prevent any unfair burden on the tax payers;
- l) as a result of the 'Matthews and O'Brien case' regarding discrimination of part-time workers, current and former employees engaged since 2000 onwards, could buy back pensions and join the 2015 scheme. There is a challenge that this is discriminatory on age, and it proposed that employees should be able to backdate membership from the date their employment started, and not just from 2000. The LGA and Central Government are now in discussions. It should be noted that if agreed, there will be a huge impact on the Authority due to GDPR requirements whereby the authority no longer holds information on employees from this period. A creative approach is required to identify those affected and those who will be eligible for the extra pension. It is likely to be a complex process as many staff transitioned from part-time to whole time. There is also likely to be an impact on when current affected staff may leave. It is not yet known how many individuals will be affected;
- m) Fire Service pensions operate differently to local authority pensions in that they are unfunded and so there are no pension fund investments. NFRS pays out between £8 - £10 million per year in pensions, but this is claimed back from Central Government;
- n) through the LGA, NFRS does benchmark the cost of administering pensions and has changed suppliers to more cost-effective options. Having previously appeared mid ranking on administration costs, the Service can now expect to be within the lower cost rankings against other services. The internal administration cost for pensions can be calculated and reported to the committee at a future meeting;
- o) Central Government has provided an additional grant of £2.3 million to cover costs of increased employer superannuation contributions following the 2016 revaluation, but the increased cost totals nearer £2.5 million, and so the service has to fund the difference. Whilst costs are increasing, the grant, which isn't guaranteed long-term, remains stagnant;
- p) nationally, £800 million is paid out in pensions annually, but only £300 million per year, is coming in as contributions.

Members of the committee;

- q) expressed concern at the additional and unknown costs, both currently and in future, including the potential necessity to increase staffing to help enable the 62 day response requirement to be met;
- r) acknowledged the complexity of the task ahead;
- s) welcomed that the FBU has embraced a collaborative approach and negotiated a memorandum of understanding and contributed to and agreed the formulation of the framework;
- t) suggested that it may be beneficial to share some previous committee reports on pensions with newly appointed members to the authority to provide the background to the current position of different schemes running concurrently.

Resolved

- 1) to take note of the activity of the pension board and pension scheme manager along with the update on current pension issues;**
- 2) to approve the adoption of the framework for managing immediate detriment issues, as attached as appendix C to the report;**
- 3) to record the huge thanks and appreciation of the Chair, Chief Fire Officer and the Authority to the pensions administrators, West Yorkshire Pension Fund, particularly Helen Scargill, for their hard work and support, and for a formal letter of thanks to be sent from the Authority.**

13 Constitution Update

The Chair introduced the report which outlines the need to revise the current constitution to ensure it remains compliant with legislation, financial regulation and can meet the current and future needs of the Authority.

It is proposed that a draft revised constitution is produced by small working group consisting of the Chair, Chief Fire Officer, Clerk to the Authority and the Chief Fire Officer's Executive Support Officer identifying any elements in need of alteration or amendment. Members of the Policy and Strategy Committee will be asked to consider a final draft version prior to it being submitted to the Full Fire Authority meeting for approval.

Resolved

- 1) to approve the commencement of a review of the Authority's constitutional framework documents;**
- 2) for a working group to be established consisting of the Chair of the Authority (or vice-chair in the absence of the Chair), the Chief Fire Officer, the Clerk to the Authority, and the Chief Fire Officer's Executive Support Officer, to undertake the review;**

3) for an update report to be brought to a future meeting of the Policy and Strategy Committee.

14 Exclusion of the public

RESOLVED to exclude the public from the meeting during consideration of the remaining items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

15 exempt minutes

The exempt minutes of the meeting held on 2 July 2021 were confirmed as a true record and signed by the Chair.

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By virtue of paragraph(s) 1, 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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