



Nottinghamshire and City of Nottingham Fire and Rescue Authority Finance and Resources Committee

Minutes of the meeting held at Joint Fire / Police HQ, Sherwood Lodge, Arnold, Nottingham, NG5 8PP on 14 October 2022 from 10.01 am - 11.08 am

Membership

Present

Councillor John Clarke MBE (Chair)
Councillor Callum Bailey
Councillor Steve Battlemuch
Councillor Nicola Heaton
Councillor John Lee
Councillor Mike Quigley MBE

Absent

Councillor Sybil Fielding

Colleagues, partners and others in attendance:

Becky Smeathers - Head of Finance and Treasurer to the Authority
Candida Brudenell) Assistant Chief Fire Officers
Michael Sharman)
Leila Henry - Head of Risk, Assurance and Operational Training
Terry Scott - Head of Procurement and Resources
Catherine Ziane-Pryor - Governance Officer

18 Apologies for Absence

Councillor John Clarke (other council business) Councillor Michael Payne substituting

19 Declarations of Interests

None.

20 Minutes

The minutes of the meeting held on 14 October 2022 were confirmed as a true record and signed by the Chair.

21 Revenue, Capital and Prudential Monitoring Report to November 2022

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report which informs members of the financial performance of the Service and

Prudential Code monitoring to the end of November 2022.

The following points were highlighted and members' questions responded to:

- a) An underspend of £220,000 is now projected, which is less than that identified in October, due to the uplift in the employers pay offer to 5% although this is yet to be agreed;
- b) If a 6% pay increase is approved, this cost would be an additional cost of £190,000 to the Authority;
- c) Slippage of £150,000 has been identified with regard to the Community Fire Risk Management Information System (CFRMIS) projects, with £45,000 slippage predicted to occur regarding the investment in cyber security;
- d) As previously discussed, the pre-ordering of chassis for rescue pumps has been necessary due to the long lead-in time and to achieve the best value for money, but it is noted that the release of the funds is not required until 2023/24, and so this will provide further slippage;
- e) Following savings of £138,000, approval is sought for £140,000 slippage for the request of five pool cars;
- f) All performance against the prudential indicators is as predicted;
- g) It is intended that the Service will retain the current pool cars for longer than initially planned. It is anticipated that policy is moving in the direction of longer life usage of such vehicles. The revenue budget impact of not purchasing those vehicles will be seen in the minimum revenue provision for paying the debt as the Service is not purchasing those vehicles as planned, so there will be an element of slippage and the impact will be greater on next year's budget;
- h) Delivery time of 12-15 months is anticipated for the rescue pumps. The first 3 of the 17 chassis will be delivered in June this year for building into appliances. The Service cannot afford to purchase all 17 at the same time but ordering this quantity ensures the best value for money and delivery, and therefore payment is staggered.

Resolved

- 1) **note the contents of this report;**
- 2) **to approve slippage to the capital programme as detailed in the table below:**

Capital Project Amount to be slipped to 2023/24

Section	£'000
Community Fire Risk Management Information System	150
Cyber Security	45
Rescue Pumps	2,006
Light Vehicles	140
	Total 2,341

22 Budget Proposals for 2023/24 to 2026/27 and Options for Council Tax 2023/24

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report which provides the Committee with detailed budget proposals for the next financial year and with consideration of the financial position of the Service, requests that the Committee makes a recommendation to the Fire Authority with regard to the 2023/24 Council Tax precept.

The following points were highlighted and members' questions responded to:

- a) As previously discussed, there is still uncertainty regarding the next two years pay award and information from the precept authorities and business rates income;
- b) A £4 million capital programme is proposed for 2023/24 but slippage will add to that so it'll be nearer £5m, mostly related to vehicles and vehicles and ICT programme;
- c) Funding is mostly from borrowing as there is very little other funding available;
- d) ICT program presents a significant cost, reaching into 2024/25 for the Tri-Service Control and Mobilising system, and may further increase if Leicestershire Fire and Rescue decides not take part in the joint procurement. This could result in an additional cost in the region of £1m each to Derbyshire and NFRS;
- e) There has been significant movement in the budget since the MTS was reported to the Fire Authority in December, and income has a better than assumed potential, as summarised in the Table 1 of the report, potentially providing an additional £1,163,000;
- f) The funding settlement is again, unfortunately, only for the year ahead;
- g) Inflation has reduced slightly but is still having a significant impact;
- h) The efficiency programme provided savings, which will be outlined in a report to the Fire Authority in February;
- i) The pay award continues to be in area of uncertainty and whilst presumed in the budget as a 5% increase this year, and 4% next year, it is possible that the award will be higher than anticipated, especially as the London Fire Service have been offered 6%. Pay negotiations are continuing and the ballot of trades union members is due to close at the end of the month;
- j) With regard to reserves, £4.5 million is earmarked, which is included within the £9.8 million total for reserves;
- k) The three potential options for members to consider with regard to Council tax are detailed in the report, along with the impact on the budget for each, but all assume a 5% and 4% pay award. The three proposed options are:
 - i. The council tax freeze;
 - ii. A 2.95% increase;
 - iii. A £5 council tax increase;

- l) Table 2 within the report shows that with no increases/a freeze in Council Tax levels were applied, there will be a deficit of £2.188m in 2023/24. This will rise to £3.4m in 2024/25, and increases further to £5.6m by 2026/27;
- m) Table 3 of the report shows that even with a 2.95% increase in Council Tax there would be a significant deficit of £1.362m in 2023/24 rising to £1.8m in 2024/25 and to £2m in 2026/27;
- n) If a £5 increase in Council Tax were to be approved by the Fire Authority in February, the estimated deficit position for 2023/24 would reduce to £529k, increasing to £806k in 2024/25 and £1m by 2026/27;
- o) The impact on council tax band properties A-H of both a 2.95% and 5 pound increase is as follows:

Band	Annual Council Tax 2022/23 £	2.95% Increase 2023/24 £	£5 Increase 2023/24 £
A	56.38	58.04	61.38
B	65.78	67.72	70.78
C	75.17	77.39	80.17
D	84.57	87.06	89.57
E	103.36	106.41	108.36
F	122.16	125.76	127.16
G	140.95	145.11	145.95
H	169.14	174.13	174.14

- p) The budgetary impact on the Service of both a 2.95% increase and a £5 increase are summarised in table 6 of the report;
- q) It is not anticipated that Central Government will extend the ability to apply a £5 increase beyond this current year;
- r) It should be noted that last year a deficit of £2.2m was predicted but circumstances beyond the control of the Service have resulted in a revised deficit of £3.3m which must be addressed.

Members of the committee commented as follows:

- s) Becky Smeathers and the Finance Team are praised for their outstanding work in a financial landscape that is increasingly difficult to navigate;
- t) It's frustrating that 60% of the Service's budget is funded by Council Tax and that the burden falls on residents, particularly during a time when many are struggling, however, members of the Authority have cross-party lobbied hard for greater Council Tax flexibility so it is appropriate that the opportunity to set the precept at £5 is accepted;

- u) As a proportion of the council tax bill, £5 is still a low and provides excellent value for money but members are aware that this is only one element of potentially several precept rises;
- v) Officers and members need to come together to look for longer term settlement period and future flexibility with regard to Council Tax funding;
- w) Increasing the cost to citizens is not an easy option, but members need to do the best for the Authority for the benefit of citizens;
- x) Following the cross-party lobbying and the budgetary needs of the Service, there realistically is no other option than to recommend that the Fire Authority considers approving the £5 precept;
- y) Once further clarity is received regarding the pay award, and outcome of the proposed efficiency savings, NNBR business rates, tax base and other areas of financial uncertainty, a debate by the Fire Authority would be welcomed, but there are too many uncertainties at this time to make a recommendation;
- z) The recommendation to raise Council Tax is not made lightly by any members when the cost of living for citizens continues to rise and the proposal should be thoroughly debated by the Authority prior to a decision;
- aa) There is widespread opposition to cuts in the Fire Service so any increase in the budget is a trade off until further funding from Central Government is received. We would be 'cutting off our nose to spite our face' if we don't recommend the acceptance of the opportunity to apply the £5 increase. However this should be fully debated by the Authority once the outcome of the Futures25 consultation is available and the current financial uncertainties can be confirmed;
- bb) the 5.2% uplift in spending power referenced by Central Government is entirely predicated on the Authority applying the maximum Council Tax precept amount. The RSG increase is almost entirely off-set by the loss in Services Grant with a little bit of movement around the Section 31 Grant, and the £5 increase nets the vast majority of the 5.2% increase in core spending power. We as an Authority have cross-party lobbied our MPs for an uplift in spending power so we need to be seen to be taking advantage of the tool that provides us with that, or be seen to be contradicting ourselves.

Resolved to recommend to the Fire Authority an increase in Council Tax, up to the maximum of £5.00.

It is noted that Councillors Callum Bailey, Mike Quigley MBE, and Roger Upton, abstained from voting.

23 Exclusion of the Public

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

24 Exempt Minutes

The exempt minutes of the meeting held on 14 October 2022 were confirmed as a true record and signed by the Chair.

25 Nottinghamshire Fire & Rescue Service Property at Clifton

Terry Scott, Head of Procurement and Resources, presented the report.

Resolved to approve the decision of the Committee as set out in the exempt minutes.