



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

BUDGET PROPOSALS FOR 2017/2018 TO 2019/2020 AND COUNCIL TAX 2017/2018

Report of the Chief Fire Officer

Date: 24 February 2017

Purpose of Report:

To present the Fire Authority with proposals for Revenue and Capital budgets for 2017/2018 to 2019/2020 to allow Members to determine the level of Council Tax for 2017/2018.

To present a strategy for the flexible use of capital receipts and to set out fees and charges for 2017/2018 for Members' approval.

To seek Members' approval to the continued payment of Members Allowances for 2017/2018 in accordance with the approved scheme

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1. BACKGROUND

- 1.1 At its meeting on 20 January 2017 the Finance and Resources Committee considered a report from the Chief Fire Officer setting out the latest budget position based on the provisional grant settlement and the indicative position with regard to Council Taxbase.
- 1.2 The Finance and Resources Committee was asked to consider two options for Council Tax and make recommendations to the full Fire Authority. This report sets out the implications of the option selected by the Finance and Resources Committee at its January meeting.
- 1.3 The budgetary position presented to the Finance and Resources Committee has been updated for the final figures for taxbase and surplus on Collection Fund, as well as other minor adjustments, and includes a statement by the Authority's Treasurer in relation to the robustness of estimates and the adequacy of reserves and balances as required by S25 of the Local Government Act. Provisional figures for Revenue Support Grant and Business Rates Top-up Grant were received in December 2016 and these have been used throughout this report as the final settlement is now not expected to be received until after 20 February.
- 1.4 The Fire Authority is required to set a precept before 1 March 2017 and notify this to the billing authorities.

2. REPORT

CAPITAL BUDGET PROPOSALS 2017/2018 TO 2019/2020

- 2.1 The Authority maintains a sustainable Capital Programme that has been planned out over an extended period. This programme seeks to replace appliances and vehicles when they are approaching the end of their useful life, maintains a rolling programme of ICT replacements and a property programme that will ensure that property remains fit for purpose, is appropriately located and can be contained within the internal capacity of the organisation to complete.
- 2.2 The programme is set out for the next three years and reflects proposed new expenditure. Actual expenditure in each year may also be increased by slippage approved by the Fire Authority to be carried forward from the prior year.

The proposed Capital Programme for 2017/2018 to 2019/2020 is therefore as follows:

Capital Programme Item	2017/18 Proposed	2018/19 Proposed	2019/20 Proposed
	£	£	£
Appliance Replacement	0	0	2,417,000
Special Appliances	379,000	0	99,500
Appliance Equipment	28,000	0	0
Light Vehicle Replacement	733,000	363,500	187,000
Transport Total:	1,140,000	363,500	2,703,500
BA Sets	595,000	0	0
Conversion of Hose Reel Equipment	200,000	0	0
Lightweight Fire Coats	180,000	0	0
Personal Protective Equipment	0	0	650,000
Equipment Total:	975,000	0	650,000
Alterations to new Hucknall Fire Station	527,000		
Fire Station Project	1,473,000	425,000	75,000
Property Total:	2,000,000	425,000	75,000
ICT Capital Programme	140,000	140,000	140,000
Mobile Computing	20,000	20,000	20,000
ICT Total:	160,000	160,000	160,000
Performance Management System	103,000	0	0
Emergency Services Mobile Communications Project	116,700	40,700	
IT Systems Total:	219,700	40,700	0
Total Capital Programme:	4,494,700	989,200	3,588,500

- 2.3 The rescue pump renewals programme will be temporarily suspended whilst a review of appliance equipment is undertaken as part of the Sustainability Strategy 2020. The Strategic Leadership Team has approved the extension of the rescue pump's useful life from thirteen to fifteen years to reflect actual experience in recent years and this will allow the time for the equipment review to be conducted and for recommendations to be made about the technical specification of appliances for the future. The capital budget for appliances in 2019/2020 will cover the purchase of 8 rescue pumps which will bring the Authority back on track with the replacement programme. Orders for these will be placed towards the end of 2018/2019.
- 2.4 The special appliances budget covers the Command Support Unit and a replacement Training Vehicle for the Driving School.
- 2.5 The light vehicle programme has been virtually suspended during recent restructures and the lives of vehicles have been extended where possible. This was to avoid purchasing vehicles which may not have been required going forward. The vehicle replacement strategy was approved by the Finance and Resources Committee in 2016 and allows for a fewer number of vehicles

to be replaced in future years, which reflects the contracting size of the organisation and more efficient ways of working. Nevertheless the capital programme is quite substantial over the three year period as there will be an element of “catching up” with vehicle purchases.

- 2.6 There are three projects within the equipment programme for 2017/2018: the replacement of breathing apparatus and ancillary equipment as part of a managed service package when the current provision reaches the end of its ten year life; the conversion of hose reel equipment as the current branches become uneconomical to repair and the purchase of lightweight fire coats designed to protect personal protective equipment from an element of wear and tear, thereby extending its life. In 2019/2020 personal protective equipment is due to be replaced. Previous practice has been to purchase new personal protective equipment from the revenue budget but, as experience has shown that such equipment can be successfully refurbished to extend its life, it will now be treated as capital expenditure for the new issue of equipment with the cost to the revenue budget spread over the life of the equipment.
- 2.7 The property programme allows for one fire station to be re-built during the three year period, together with a feasibility study to prepare for the next project. The programme covers the construction of a new fire station at Newark and this budget sets aside the resources to continue with the Authority’s sustainable capital programme which will ensure that all property assets remain fit for purpose over time.
- 2.8 The ICT programme has been pared back and now contains budget to replace items by way of a rolling programme and provision for the general expansion of ICT usage across the organisation.
- 2.9 There is provision in the capital programme for a new performance management system to be implemented during 2017/2018. In addition, the Authority is due to receive capital grant from the government to support the Emergency Services Mobile Communications Project and, whilst the detail of what expenditure will be required is not yet known, an equivalent capital expenditure budget has been included in the programme.

REVENUE BUDGETS 2016/2017 TO 2018/2019

- 2.10 The budget report presented to the Fire Authority in February 2016 detailed a revenue budget requirement of £42.2m for 2017/2018. It was estimated at this time that this would result in a budget deficit of between £2.4m and £2.9m for that year, and that there would continue to be a budget deficit going forward up to 2019/2020. During this year’s budget process the focus has been on driving out further savings and on re-defining budget assumptions by taking a more risky approach to estimating in order to eliminate the element of contingency built into some budgets. The Chair of the Finance and Resources Committee spent the day with the Head of Finance and a number of budget managers on 7 November 2016 and was supportive of this approach.

- 2.11 The riskier approach outlined above has translated into a revenue budget which reflects the best estimates of likely actual expenditure and this has made a substantial difference, in particular to those pay budgets which have traditionally been constructed based on the approved establishment. The Administrative and Support pay budget includes a vacancy factor of 1.5% (previously it was 1%) and the Retained pay budget has been re-adjusted to take account of actual numbers recruited in 2016/2017 and planned recruitment over the next three years. The Wholetime pay budget has been prepared on the basis of an establishment of 455 posts in 2017/2018, 445 posts in 2018/2019 and 449 posts in 2019/2020 (the current approved establishment is 476 posts). This allows for retirements and leavers and some recruitment later in the three year period but is nevertheless significantly below the approved establishment and has resulted in a temporary saving of £673k in 2017/2018 as well as savings of £728k in 2018/2019. This also means that the pre-planned overtime budget has increased by £300k to allow for the additional cost of covering ridership vacancies in accordance with the current collective agreement, and budget has been provided for temporary posts to deliver various projects by 2019/2020. The budgetary position shown later in this report assumes that the temporary savings to the pay budget will become permanent savings at some point by 2019/2020 but of course this will be a matter for the Fire Authority to determine in due course.
- 2.12 Detailed budgets have been prepared for the three years 2017/2018 to 2019/2020. A number of key assumptions have been made in drawing up these budgets including assumed pay awards of 1% per annum for all groups of employees. The budget for 2017/2018 was finalised at the end of January 2017, when the surplus on Collection Fund and Taxbase were confirmed by the billing authorities.
- 2.13 The base budget for the current year 2016/2017 is £41,294,863. The budget process has resulted in a number of proposed changes to this position going forwards, and these are summarised in the following table for each of the next three years (a more detailed breakdown is given in Appendix C):

		2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's
Base Budget Previous Year		41,295	40,805	41,159
Pay Changes				
	Pay Awards 1%	309	312	308
	Increments	67	70	41
	Increase in Employers Pension rate	149	5	324
	Changes to Bank Holidays	112	-85	43
	Restructures etc.	-236	-8	-26
	Temporary Project Work	165	0	-350
	Changes in Budget Assumptions	-1,131	-427	-91
	Apprentices - new budget (0 / 12 / 12)	0	119	84
	Increase in pre-planned WT overtime to cover vacancies	300	0	-300

		2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's
	Increase in RDS CS work and other work	83	100	300
	Other minor changes	-26	-3	-2
	Capital Financing net change	113	259	167
	Nonpay and pensions inflation	21	40	12
	Growth			
	Unavoidable Growth:	235	8	2
	Growth	186	-8	0
	Savings			
	Net Change to Non-pay / Income re Princes Trust Reduction	-49	0	0
	Redesign of Service Delivery Savings	-44	0	0
	Procurement Savings	-8	0	0
	Maximise Benefit & Value of Assets Savings	-85	0	-5
	Changes in Nonpay Budget Assumptions Savings	-170	0	0
	New Ways of Working Savings	-115	-22	-17
	Corrections / Minor Adjustments	-2	-8	13
	Reversal of Temporary Budget Changes	-31	0	0
	Adjustments to Budget			
	Remove contribution from reserves to support SRT restructure	-350	0	0
	Reduce Surplus on Collection Fund	49	0	0
	Adjust FireLink grant in line with actuals	-35	0	0
	Net Changes in Year:	-490	354	504
	Proposed Base Budget - Budget Requirement:	40,805	41,159	41,663

2.14 Pay awards in the above table are assumed to be at 1% for the next three years, in line with the government's previously announced target for public sector pay. Where pay for posts has increased as a result of job evaluation, this is built into the budget as an on-going incremental cost.

2.15 The Local Government Pension Scheme has undergone a triennial revaluation and, as a result, the percentage rate for employer's superannuation has increased from 12.6% to 14.8%, and the lump sum payment to recover past deficits has increased from £173k to £207k per annum. The Authority has the

option to pay the lump sum for the next three years at the start of 2017/2018, which results in a saving over the period of £33k. This option will be taken and the saving has been built into the budget.

- 2.16 The number of bank holidays in each financial year can change depending on when Easter falls. This can have a significant impact on costs as operational and Control employees are required to cover bank holidays, and this is reflected as a budgetary change.
- 2.17 Some minor restructuring of the Administrative and Support Staff establishment has taken place in the Estates, Corporate Support, Fire Protection and HR Departments, resulting in savings. In addition, some posts in the Prince's Trust team have been deleted in line with the previous decision of the Authority.
- 2.18 As set out in paragraph 2.11 above, budget has been allocated to support temporary posts to deliver on invest to save projects by 2020. This budget will then be removed. It is anticipated that these posts will be required in the ICT, Engineering, HR, Procurement and Corporate Support Departments to support work on the Sustainability Strategy 2020 and the ESN project.
- 2.19 The more stringent approach to budgeting this year has delivered substantial savings within pay budgets, as described in paragraph 2.11 above. These are described in the table above as "Changes in Budget Assumptions" and total £1.1m in 2017/2018. However it must be emphasised that some of these savings are temporary and will only crystallise as permanent savings if the Fire Authority approves reductions in the establishment over the next three years in order to eliminate the projected budget deficit. Of this £1.1m, £673k is a temporary saving of this nature reflecting the assumption that numbers of Wholetime employees will reduce following retirements. A further £165k is a temporary saving in the RDS pay budget due to less employees having been recruited than assumed in the base budget – this saving is expected to reverse in 2018/2019 as recruitment continues. The remaining £193k is a permanent saving resulting from amended assumptions in respect of, for example, overtime, temporary promotions, Continuing Professional Development and pension scheme migration. In 2018/2019 further temporary savings are assumed in the Wholetime pay budget although these are offset to some degree by increased numbers of RDS employees delivering more outcomes. The overtime budget has been increased by £300k in 2017/2018 and 2018/2019 to allow for the additional cost of covering ridership vacancies.
- 2.20 The introduction of the Apprenticeship Levy from April 2017, together with Apprenticeship targets, shows as an increased pay cost in 2018/2019 and 2019/2020 as it has been assumed that the Authority will create 24 Apprentice Firefighter posts. This, together with existing Apprentice posts in the Administrative and Support Staff establishment will contribute towards achievement of the target. The cost of the Apprenticeship levy from 2017/2018 is estimated at £107k and is included in Unavoidable Growth.

- 2.21 Capital financing charges will increase over the next three years, to support the capital programme, but these are lower than estimated in last year's budget process due to a reduction in some areas of the capital programme and due to savings on interest charges following the acquisition of a loan at an advantageous rate.
- 2.22 The reduction in Prince's Trust activity already approved by the Authority has effected a net saving to income and non-pay budgets of £49k.
- 2.23 A number of savings have been identified arising from the Sustainability Strategy 2020. These are listed in the table above and total £251k. In addition there is a saving of £170k due to changes in assumptions for non-pay budgets as a result of taking a higher risk approach to estimating.
- 2.24 There are three other adjustments to the base budget: firstly the removal of the contribution from Reserves approved by the Authority last February to support the Specialist Rescue Team restructure, a reduction of £350k; secondly the Collection Fund surplus notified by the billing authorities has decreased by £49k and finally FireLink grant has increased by £35k.
- 2.25 The budget requirement for 2017/2018 has been increased by £81k following the report to the Finance and Resources Committee in January, and this is mainly due to the adjustment to the Collection Fund Surplus and a late budget adjustment to reduce the Special Service Charges income budget following the presentation of the revenue monitoring report to that same Committee.
- 2.26 Appendix D gives a full Cash Limit budget for 2017/2018 as well as indicative budgets for 2018/2019 and 2019/2020.

FINANCING THE BUDGET

- 2.27 The Authority primarily receives income from Revenue Support Grant, Business Rates and Council Tax. A provisional finance settlement covering the period 2017/2018 to 2019/2020 was received mid-December 2016 and the figures therein have been used in this report. The final settlement figures for 2017/2018 are now not expected until sometime after Parliament returns from its recess on 20 February 2016, but it is unlikely that the final settlement will be different from the provisional one. In the event that there is a change in the final settlement figure for 2017/2018, Members will be updated at the meeting and recommendation 9.1 will be adjusted accordingly.
- 2.28 It should be noted that there is a degree of uncertainty around the future funding regime in that the government has declared that business rates will ultimately become fully retained locally and revenue support grant will end. There will also be a review of the funding formula to reflect this change and this will determine how the transition to the new regime will be funded. The Business Rates consultation in 2016 included a question on whether fire and rescue should continue to be funded from business rates as it is now, or whether it should be funded by Home Office grant instead. The Government's

response to this consultation has not yet been published so future funding arrangements remain unclear.

- 2.29 The table below shows the government's settlement figures for the next three years. The figures for 2017/2018 are confirmed, however the figures for the following two years remain provisional.

	2017/2018	2018/2019	2019/2020
	£	£	£
Revenue Support Grant	6,978,641	5,961,472	5,335,309
Business Rates	3,469,609	3,599,029	3,751,787
Top Up Grant	6,659,508	6,855,969	7,075,098
Total External Funding	17,107,758	16,416,470	16,162,193

- 2.30 The government announced, within the finance settlement, that the council tax increase threshold, above which a referendum would be triggered, would remain at 2%. No council tax freeze grant is being offered to authorities who maintain council tax next year at current levels. The final taxbase notified by the billing authorities at the end of January was slightly higher than had been estimated in the report to the Finance and Resources Committee earlier that month.
- 2.31 The following table brings together the budget requirement and the finance settlement figures and presents the position for the Authority if there was no change to the level of council tax in each of the three years:

	2017/2018	2018/2019	2019/2020
	£	£	£
Total External Funding	17,107,758	16,416,470	16,162,193
Budget Requirement	40,804,872	41,159,002	41,663,208
Balance to be met locally	23,697,114	24,742,532	25,501,015
Council Tax Yield*	22,728,415	23,035,249	23,346,224
Budget Shortfall	968,699	1,707,283	2,154,791
(Cumulative)			

*Assumes a rise in tax base but no rise in Council Tax

The above figures show that a budget deficit of £969k will need to be eliminated in order for the Fire Authority to approve a balanced budget for 2017/2018. Even when this has been achieved, there will be a requirement to find further savings of approximately £1.2m by 2019/2020 (savings of £2.2m in total).

- 2.32 A council tax increase of 1% would generate additional funding of £228k, and a 1.95% increase would realise a total of £443k in 2017/2018.
- 2.33 The Finance and Resources Committee in January unanimously agreed to recommend a council tax increase of 1.95% to the Fire Authority. An increase

of 1.95% in 2017/2018 only, with no change in council tax assumed for the following two years would have the following effect.

	2017/2018 £	2018/2019 £	2019/2020 £
Total External Funding	17,107,758	16,416,470	16,162,193
Budget Requirement	40,804,872	41,159,002	41,663,208
Balance to be met locally	23,697,114	24,742,532	25,501,015
Council Tax Yield*	23,171,596	23,484,413	23,801,452
Budget Shortfall (Cumulative)	525,518	1,258,119	1,699,563
General Reserves at Year End if Shortfall not Addressed	7,013,184	5,755,065	4,055,502

*Assumes a rise in tax base and a 1.95% increase in Council Tax in 2017/2018 only, with no Council Tax increases in the following years.

- 2.34 The two advantages of implementing a council tax increase in 2017/2018 are that: firstly it adds funding permanently into the base budget and secondly it reduces the budget deficit by £443k in 2017/2018. This would still leave the Authority with budget savings of £526k to find in order to approve a balanced budget as required by law and it is recommended that this deficit in 2017/2018 be financed from general reserves. This would require the Chief Fire Officer to bring back to the Authority proposals to deal with both the on-going deficit which arises in 2017/2018, as well as the budget deficits forecast for future years.

BUDGETARY CONTEXT

- 2.35 The table below shows the total amounts of funding received by the Authority each year since 2010/2011 to date.

	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's
External Funding	25,010	23,215	23,201	23,977	22,163	20,261	18,847
Council Tax Precept	23,100	23,193	23,294	19,921	20,729	21,522	22,349
Total Funding	48,110	46,407	46,494	43,899	42,892	41,783	41,197

This shows that total funding has reduced by £6.9m in cash terms, which is a fall of 14% over the period. External funding from the government plus business rates has fallen by 25% over this same time-span however in 2013/2014 the funding regime changed, which resulted in a reduction in the taxbase and the introduction of council tax support grant to help mitigate this. This has impacted on the relative proportion of external funding versus council

tax precept, which was 52% / 48% in 2010/2011 and is now 46% / 54%. The amount of council tax charged has increased by 6% over the period.

- 2.36 The data in the above table, when taken together with the data in the table in paragraph 2.33 above shows that external funding will have reduced by £8.8m in cash terms between 2010/2011 and 2019/2020. The actual level of savings in real terms is significantly higher than this figure due to inflation and cost pressures during this period.

IMPACT ON BALANCES

- 2.37 Members will be aware that the authority holds reserves and balances and that the level recommended for 2017/2018 following the risk assessment is £4.4m (see report elsewhere on this agenda). The following table shows the effect on general reserves if the budget shortfalls going forward are not addressed.

	2016/2017	2017/2018	2018/2019	2019/2020
	£000's	£000's	£000's	£000's
Opening Reserves Balance	7,406	7,539	7,013	5,755
Increase in Reserves due to estimated budget underspend	133	0	0	0
Contribution from Reserves to balance budget		(526)	(1,258)	(1,700)
Closing Reserves Balance	7,539	7,013	5,755	4,055

This table shows that by 2019/2020 the Authority would be operating with a level of general reserves below the current risk assessment of the minimum level required. It is therefore crucial that the Chief Fire Officer continues to identify further budget reductions in 2017/2018 and beyond.

FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2017/2018

- 2.38 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. 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.
- 2.39 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. 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.

- 2.40 For the financial year 2017/2018 no projects have yet been identified which would meet the criteria to be funded through capital receipts flexibility. Capital receipts due to be received in 2017/2018 are expected to be circa £30k and will be used to finance future capital expenditure. 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.

PROPOSAL FOR COUNCIL TAX INCREASES 2017/2018

- 2.41 The recommendation proposed by the Finance and Resources Committee is set out in tabular form in Appendix A.
- 2.42 Council Tax for the Fire Authority is currently £73.85 at Band D and a 1.95% increase in this would raise it by £1.44 per year to £75.29. The effects of such an increase on other bands per year is as follows:

Band A	0.96
Band B	1.12
Band C	1.28
Band D	1.44
Band E	1.76
Band F	2.08
Band G	2.40
Band H	2.88

The majority of the homes in the City and County of Nottinghamshire fall into Bands A and B.

FEES AND CHARGES

- 2.43 At its meeting on 13 November 2015 the Policy and Strategy Committee approved a scale of fees and charges for Special Service Charges and for the use of Service facilities. That Committee also approved the increase of these fees and charges by annual inflation. Appendix E sets out the current scale of fees and charges as well as proposed fees and charges for 2017/2018, which have had an inflationary increase applied. It is recommended that the Authority approve these charges for implementation from 1 April 2017.

COMMENTS OF THE TREASURER

- 2.44 Under Section 25 of the Local Government Act 2003, the Treasurer is required to report to the Authority on the following two matters:
- The robustness of the estimates made for the purposes of calculations; and

- The adequacy of reserves.
- 2.45 The Treasurer is satisfied that, on the basis of the financial risk assessments, the working balances are adequate and plans exist for using any surplus balances.
- 2.46 The Treasurer has been consulted fully concerning the build up and calculation of the budget, and is content that these have been prepared in an accurate and robust manner, such that the Authority will have adequate resources to discharge its responsibilities under various statutes and regulations.
- 2.47 A statement by the Authority Treasurer is included as Appendix B to this report.

3. FINANCIAL IMPLICATIONS

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

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

This report recommends that reserves are used to balance the budget for 2017/2018 and this will require the Chief Fire Officer to deliver plans for future savings. Future reports will set out the scope for this work and includes human resources implications.

5. EQUALITIES IMPLICATIONS

As this budget report provides an overview of the Authority's financial position going forward, a full equality impact assessment has not been undertaken in relation to this report per se. Budgetary changes affecting employees will have been previously approved by the Authority and any equality impacts will have been considered at that time.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

The Authority must set a balanced budget for 2017/2018 but may acknowledge potential budget shortfalls for future years, which will be addressed at a future time.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 Risks associated with budget setting are always significant. Budgets are by their very nature estimates of future activity and these estimates can sometimes turn out to be incorrect. One of the main risks of the 2017/2018 budget is that the review of key assumptions made this year, which has resulted in the elimination of a number of in-built contingencies, will increase the risk of overspending next year. This risk will be managed by careful monitoring of the budget and prompt reporting of variances with management action to address any overspends. Other issues include the risk that national pay awards may not align with the assumptions.
- 8.2 There can be no control over external issues however the Authority has sufficient reserves to cope with any in year changes which alter these budget assumptions significantly.

9. RECOMMENDATIONS

It is recommended that Members:

- 9.1 Consider the recommendation of the Finance and Resources Committee to the Fire Authority that there be a 1.95% Council Tax increase, with the residual unfunded balance met by funding from reserves, and set a Council Tax and precept for 2017/2018 as required by statute.
- 9.2 Approve the flexible use of capital receipts strategy as set out in paragraph 2.40, which is that capital receipts in 2017/2018 will be used to either finance future capital expenditure or to repay borrowings and will not be used in this year to fund the revenue cost of reform projects.
- 9.3 Approve the fees and charges for 2017/2018, as set out in Appendix E.
- 9.4 Approve the continued payment of Members Allowances for 2017/2018 in accordance with the approved scheme.

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

None.

John Buckley
CHIEF FIRE OFFICER

APPENDIX A

Proposal for Council Tax Increase of 1.95%

An increase in Council Tax of 1.95% would require the Authority to set a Band D Council Tax of £75.29 per annum in 2017/2018.

Specifically in 2017/2018 Council Tax would be set at the following levels:

Band A	50.19
Band B	58.56
Band C	66.92
Band D	75.29
Band E	92.02
Band F	108.75
Band G	125.48
Band H	150.58

The level of Council Tax at Band D is then multiplied by the taxbase to calculate the precept to be set for each of the District Councils and the City Council as follows:

	Taxbase	Percentage	Precept £
Ashfield	32,546.20	10.6%	2,461,768.36
Bassetlaw	33,916.77	11.0%	2,610,593.57
Broxtowe	33,126.78	10.8%	2,528,083.23
Gedling	36,306.09	11.8%	2,668,835.47
Mansfield	28,895.00	9.4%	2,290,706.52
Newark and Sherwood	37,828.75	12.3%	2,878,152.54
Rushcliffe	41,777.00	13.5%	3,152,525.28
Nottingham City	63,368.00	20.6%	4,952,426.65
Total	307,764.59	100.0%	23,543,091.62

The above figures are calculated after taking account of the declared surplus/deficit on collection for each of the billing authorities.

NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY

STATEMENT BY AUTHORITY TREASURER

Under Section 25 of the Local Government Act 2003, the Treasurer is specifically required to report to the Authority on the following two matters:

- The robustness of the estimates made for the purposes of calculations ; and
- The adequacy of reserves and working balances.

I have consulted with the Head of Finance and note that the required level of working balances is calculated using a risk assessment methodology. I am satisfied that, on the basis of those risk assessments, the proposed level of balances is adequate.

I note however that the current level of balances exceeds this recommended level but note the projected budget requirements for 2017/2018, 2018/2019 and 2019/2020 exceed the possible grant and council tax yields for those years.

Earmarked Reserves are held for specific purposes, and include amounts for Unapplied LPSA Reward Grant, The Community Safety Fund, Pensions, Organisation Transition and Communications Development.

I have also been consulted fully concerning the build up and calculation of both the Revenue and Capital budgets and am content that these have been prepared in an accurate and robust manner such that the Authority will have adequate resources to discharge its responsibilities under various statutes and regulations.

**Neil Timms CPFA MIRM
FIRE AND RESCUE AUTHORITY TREASURER**

PROPOSED CHANGES TO BASE BUDGETS 2017/2018 – 2019/2020

		2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's
Base Budget Previous Year		41,295	40,805	41,159
Admin Pay				
	Restructures	-55	-8	0
	Deletion of Posts - FP x 2 & PT	-136	0	0
	Redundancies - PT	-38	0	0
	Pay Award 1%	57	63	67
	Increments	67	70	41
	Increase in Employers Pension rate	132	5	5
	End of pay protection Admin Restructure	0	0	-26
	Temporary project work: change transition: ICT	195	0	-195
	Temporary project work: change transition: Engineering	75	0	-75
	Temporary project work: change transition: HR	20	0	-20
	Temporary project work: change transition: Procurement	30	0	-30
	Temporary project work: change transition: Corporate Support	30	0	-30
	Other minor changes	-26	-3	-2
		352	127	-264
Wholetime Pay				
	Changes to bank holidays	86	-61	31
	Changed budget assumptions re temp promotions and competency	202	0	0
	Changed budget assumptions re pre-planned overtime	44	0	0
	Changed budget assumptions re overtime, pension migration, pension opt outs	-477	-13	-33
	Pay Award 1%	213	212	200
	Increase in Employers Pension rate	0	0	272
	Remove funding for Project Work	-185	0	0
	Apprentices - new budget (0 / 12 / 12)	0	119	84

		2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's
	Increase in pre-planned overtime to cover vacancies	300	0	-300
	Changed budget assumption re number of posts - Net saving after retirements, leavers, new trainees (455 / 445 / 449) - (-21 / -31 / -27)	-673	-728	-92
		-490	-472	163
Retained Pay				
	Changes to bank holidays	20	-21	11
	Changed budget assumptions	-21	-3	0
	Increase in CS work	83	100	0
	Changed budget assumptions re no. of courses / posts	-165	318	33
	Increased use of RDS for Service Delivery		0	300
	Increase in Employers Pension rate	0	0	46
	Pay Award 1%	29	28	31
		-53	422	421
Control Pay				
	Changes to bank holidays	6	-3	1
	Changed budget assumptions re CPD, pension opt out and overtime	-41	0	0
	Establishment change -1 SM, +1 WM	-6	0	0
	Pay Award 1%	10	10	10
	Increase in Employers Pension rate	16	0	0
		-15	7	12
Non-Pay Changes				
Capital Financing				
	Net Change	113	259	167
Non-Pay & Income				
	<u>Inflation</u>			
	Members Allowances 1%	1	1	1

		2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's
	Premises inflation (net)	10	7	0
	Premises contracts price increases	9	10	11
	Pensions inflation	0	18	0
	Other non-pay inflation	0	4	0
		21	40	12
	<u>Adjustments to Budget</u>			
	Remove contribution from reserves to support SRT restructure	-350	0	0
	Reduce Surplus on Collection Fund	49	0	0
	Adjust FireLink grant in line with actuals	-35	0	0
		-336	0	0
	<u>Unavoidable Growth:</u>			
	Business rates - (1 YO)	0	0	0
	Retirement / long service awards	1	0	0
	Motor tax / licences	0	0	0
	Blue light fittings	26	8	0
	Insurance tender	2	0	0
	Pension administration workloads	6	0	0
	Apprenticeship Levy	107	0	2
	Contribution National Pensions Scheme Board	4	0	0
	Reduced telephone call income	3	0	0
	Ill health retirements	33	0	0
	Motor insurance	27	0	0
	Communications licences	0	0	0
	Community safety consumables	3	0	0
	Reduction in trading co income	0	0	0
	Reduction in investment income	10	0	0
	Overnight accommodation	12	0	0
		235	8	2
	<u>Growth</u>			
	Training CFBT / BAAR 3	48	0	0

		2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's
	Spring Forward programme (1 YO)	10	-10	0
	Backlog building maintenance	20	0	0
	Workplace culture benchmarking	0	9	0
	ICT Training requirement (1 YO)	20	-20	0
	Pulp Friction at SDC, recruit Cook (1 YO)	10	-10	0
	Reduction in Special Service Charges income due to policy change	32	0	0
	Additional RDS nos. Uniform	0	23	0
	Methods of entry training	1	0	0
	Hose reel branches	20	0	0
	Rip saws and impact drivers	25	0	0
		186	-8	0
	<u>Net Change to Non-pay / Income re Princes Trust Reduction</u>			
	Reduction in Princes Trust Income due to fewer teams	74	0	0
	Reduction in Princes Trust non-pay due to fewer teams	-1	0	0
	Reduction in Princes Trust non-pay due to fewer teams	-122	0	0
		-49	0	0
	<u>Corrections / Minor Adjustments</u>			
	Pensions	0	-8	13
	Training	4	0	0
	Corporate Comms Training	0	-1	0
	Refund NHS Charges - professional subscriptions	0	0	0
	Business rates	0	0	0
	Motor tax	0	0	0
	Office equipment	-1	0	0
	Fire foam	0	2	0
	Insurance claims handling	-1	0	0
	Subscriptions / Reference books	-1	0	0
	Corporate costs	-2	0	0
	Contribution earmarked reserves	0	-1	0

	2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's
Catering	0	0	0
	-2	-8	13
<u>Reversal of Temporary Budget Changes</u>			
Fitness Equipment	-9	0	0
No longer doing Workplace Culture benchmarking	-22	0	0
	-31	0	0
<u>Redesign of Service Delivery</u>			
Less PPE due to restructure of SRT	-19	0	0
Less PPE required as nos. of staff reduce	-25	0	0
	-44	0	0
<u>Procurement</u>			
Tyres	-5	0	0
Entonox contract price saving	-3	0	0
	-8	0	0
<u>Maximise benefit & value of assets</u>			
Closure of Central, opening of London Rd	-40	0	0
Reduction in business rates	0	0	-5
Gas detection suits life extended	-45	0	0
	-85	0	-5
<u>Changes in Budget Assumptions</u>			
Electricity	-30	0	0
Gas	-25	0	0
Fuel	-28	0	0
ICT contracts	-20	0	0
PPE	-24	0	0
Pensions	-31	0	0
Partnerships	-12	0	0
	-170	0	0
<u>New ways of working</u>			
Training Instructors	-21	0	0
Restructure - Estates	-21	-5	0

		2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's
	Media / Comms restructure	-1	0	0
	Reference books / publications	0	0	0
	Payroll in-house	-51	0	0
	Travel expenses	-17	-17	-17
	Printing	-4	0	0
		-115	-22	-17
	Total Changes:	-490	354	504
Proposed Base Budget: Budget Requirement:		40,805	41,159	41,663

APPENDIX D

CASH LIMIT 2017/2018 to 2019/2020

	Original Budget 2016/2017 £000's	Revised Budget 2016/2017 £000's	Budget Requirement 2017/2018 £000's	Budget Requirement 2018/2019 £000's	Budget Requirement 2019/20 £000's
Employees					
Direct Employee Expenses	31260	31296	31141	31226	31558
Indirect Employee Expenses	446	401	326	295	295
Pension	837	901	917	927	940
	32543	32598	32384	32448	32793
Premises-Related Expenditure					
Repairs Alterations and Maintenance of Buildings	545	545	550	556	556
Energy Costs	367	367	367	367	367
Rents	76	76	57	57	57
Rates	710	710	710	710	705
Water	81	81	90	91	91
Fixture and Fittings	1	1	1	1	2
Cleaning and Domestic Supplies	322	322	322	329	337
Grounds Maintenance Costs	26	26	26	27	28
Premises Insurance	36	36	37	37	37
Refuse Collection	38	38	39	42	44
	2202	2202	2199	2217	2224
Transport-Related Expenditure					
Direct Transport Cost	1038	1038	949	958	958
Recharges	123	123	118	118	118
Public Transport	28	28	38	38	38
Transport Insurance	149	149	32	32	32
Car Allowances	367	367	364	347	330
	1705	1705	1501	1493	1476

	Original Budget 2016/2017 £000's	Revised Budget 2016/2017 £000's	Budget Requirement 2017/2018 £000's	Budget Requirement 2018/2019 £000's	Budget Requirement 2019/20 £000's
Supplies & Services					
Equipment Furniture and Materials	683	684	707	709	709
Catering	60	60	74	64	64
Clothes Uniforms and Laundry	345	345	423	446	446
Printing Stationery and General Office Expenses	60	60	35	35	35
Services	585	629	727	732	732
Communications and Computing Expenses	1534	1500	1488	1488	1488
Grants and Subscriptions	39	39	42	42	42
Miscellaneous Expenses	38	38	40	40	40
	236	234	197	198	199
	3580	3589	3733	3754	3755
Third Party Payments					
Other Local Authorities	58	58	13	14	14
Private Contractors	0	0	-23	-23	-23
	58	58	-10	-9	-9
Support Services					
Finance	169	169	176	178	178
Corporate Services	42	42	42	42	42
	211	211	218	220	220
Depreciation and Impairment Losses					
Depreciation	0	0	0	0	0
Amortisation of Intangible Fixed Assets	0	0	0	0	0
	0	0	0	0	0
Sales Fees & Charges					
Customer and Client Receipts	-194	-194	-243	-244	-244
	-194	-194	-243	-244	-244
Other Income					

	Original Budget 2016/2017 £000's	Revised Budget 2016/2017 £000's	Budget Requirement 2017/2018 £000's	Budget Requirement 2018/2019 £000's	Budget Requirement 2019/20 £000's
Government Grants	-637	-637	-720	-720	-720
Other Grants/Reimbursements and Contributions	-490	-554	-741	-742	-742
Interest	-76	-76	-76	-76	-76
	-1203	-1267	-1537	-1538	-1538
Capital Financing Costs					
Interest Payments	1091	1091	1231	1188	1277
Debt Management Expenses	1301	1301	1329	1631	1710
	2392	2392	2560	2819	2987
BUDGET	41,294	41,294	40,805	41,159	41,663

FEES AND CHARGES – SPECIAL SERVICES AND USE OF FACILITIES 2017/2018

	2016/17 Charges	2017/18 Proposed Charges
Personnel: per hour, or part of an hour:		
Full Crew	£268.80	£271.50
Station Manager and above	£60.00	£60.60
Watch Manager	£49.20	£49.70
Crew Manager	£46.80	£47.30
Firefighter	£44.40	£44.80
Appliances and Vehicles: per hour, or part of an hour:		
	£39.60	£40.50
Loan of Salvage Sheet:		
Charge for fitting	£268.80	£271.50
Charge for removing	£268.80	£271.50
Charge for salvage sheet	£86.39	£88.30
Copy of a Fire Report	£66.00	£66.70
Hire of Meeting Room:		
Full day	£225.60	£230.60
Half day	£116.40	£119.00