



NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY

FINANCE AND RESOURCES COMMITTEE

MINUTES of the meeting held at Fire and Rescue Services HQ, Bestwood Lodge, Arnold Nottingham NG5 8PD on 18 January 2019 from 10.00 am - 10.45 am

Membership

Present

Councillor Malcolm Wood (Chair)
Councillor Andrew Brown
Councillor Brian Grocock
Councillor Mike Quigley MBE
Councillor Michael Payne (as substitute)

Absent

Councillor John Clarke

Colleagues, partners and others in attendance:

John Buckley - Chief Fire Officer
Charlotte Radford - Treasurer to the Authority
Becky Smeathers - Head of Finance
Catherine Ziane-Pryor - Governance Officer

21 APOLOGIES FOR ABSENCE

Councillor John Clarke – Councillor Michael Payne attended as a substitute.

22 DECLARATIONS OF INTERESTS

None.

23 MINUTES

The minutes of the meeting held on 19 October 2018 were confirmed as a true record and signed by the Chair.

24 REVENUE AND CAPITAL MONITORING REPORT TO 30 NOVEMBER 2018

Becky Smeathers, Head of Finance, presented the detailed report of the Chief Fire Officer which informs members of the financial performance of the Service up to 30 November 2018 for the 2018/19 financial year.

Budget variances are identified and explained in the report in the following areas:

- (a) Revenue Budget overall underspend of £84,000 consisting of:
 - (i) Wholetime Pay (overspend by £551,000);
 - (ii) Retained Pay (underspend by £244,000);
 - (iii) Non-Uniformed Pay (underspend by £219,000);
 - (iv) Provision for Pay Awards (£183,000 returned to Revenue);
 - (v) Car Tax Liabilities (overspend £225,000);
 - (vi) Pension costs (underspend £85,000) ;
 - (vii) Training (underspend £83,000);
 - (viii) Premises related costs (overspend £55,000);
 - (ix) Transport related costs (underspend £21,000)
 - (x) Supplies and Services costs (overspend by £45,000)
 - (xi) Prince's Trust income (deficit £121,000);
 - (xii) Capital Financing (underspend £141,000);
 - (xiii) Reserves;

- (b) Capital Programme forecast underspend of £338,000 including:
 - (xiv) Transport;
 - (xv) Equipment;
 - (xvi) Estates;
 - (xvii) ICT.

Becky Smeathers as Head of Finance and John Buckley, Chief Fire Officer, responded to Committee Members' questions regarding the Prince's Trust as follows:

- (c) It is a concern that the Prince's Trust is costing the Service £121,000 when the Authority has agreed an allocation of £90,000. There are several factors involved including the complexity of the financing system and the fact that now young people are required to remain in education or train until the age of 18, there are fewer that are eligible for the 12 week Prince's Trust programme. Whilst an enrolment number of 15 is required to ensure course efficiency, the numbers are more regularly 7-9 candidates per programme;
- (d) The funding requirement is complicated in that even if young people complete the section of the programme with the Service, if they then withdraw from the college element, then the Service doesn't receive full funding;
- (e) The Police already collaborate and contribute the time of an 1.5 Police Officers for the scheme and would be unlikely to contribute further, but it could be suggested;
- (f) Running the Prince's Trust Programme is not a statutory function but is of value to the community and so the Finance Team have been working for 4-5 months to identify potential funding options but without success;
- (g) The Service is a provider of the scheme along with the college and pays a small administration payment to the Trust and pay the college for its part. There is no contribution from the Trust and the provider is responsible for the recruitment and co-ordinates the programme;
- (h) There has been concerted media publicity to try and attract young people onto the course but it only lasts 12 weeks and there are other, more attractive options with longer-term benefits and the opportunity for qualifications.

Whilst Members appreciated the work of the Prince's Trust and the value to individuals and their communities, and did not want to see the programme finish, great concern was expressed at the increased financial cost to the Service.

Councillor Michael Payne suggested that consideration should be given to approaching the Economic Prosperity Committee to ask if it would be possible to draw on Business Rates Pool funding to support the programme, and offered to make enquiries as engagement in the programme was of benefit not only to the individual but their communities too.

RESOLVED to note the report and for Becky Smeathers to work with Councillor Payne in approaching the Economic Prosperity Committee to enquire about the possibility of accessing funding from the Business Rates Pool to support the work with the Prince's Trust.

25 BUDGET PROPOSALS FOR 2019/20 TO 2021/22 AND OPTIONS FOR COUNCIL TAX 2019/20

Becky Smeathers, Head of Finance, presented the report which proposes the Service's budget for 2019/20 and the options available to the Authority with regard Council Tax for 2019/20. The recommendation of the Finance and Resources Committee will be submitted to the full Fire Authority for determination.

The report contains detailed information on the reasoning for the proposed budget and explores the available options for Council Tax as instructed by the Fire Authority at its last meeting.

The following points were highlighted and member's questions responded to by Becky Smeathers and John Buckley, Chief Fire Officer:

- (a) Within the Capital Programme, property schemes reflect the largest investment but costs will be split across the life of the buildings;
- (b) Funding for the Capital Programme is mostly from borrowing;
- (c) Within the Revenue Budgets the Service will receive a grant from Central Government of approximately £2m towards Pension costs but the Service will still need to find £200k;
- (d) A reserve of £200k is to be created for resilience purposes - £163k will be funded from 2018/19 Revenue Support Grant with the remaining £37k being allocated from 2019/20 budgets;
- (e) The approved revision of the ICT structure has resulted in a cost increase of £253k;
- (f) Savings have been achieved by establishing the Joint Control Room and the mixed crewing arrangement;
- (g) As a result of the revised National Living Wage, a review of pay grading and the Nationally agreed 2% pay increase, there will be a £180k impact;

- (h) With regard to the pay grade review, the Local Government process was followed and all overlaps in grade pay removed;
- (i) Reserve levels at the end of March 2019 are anticipated to be £5.5m, which is £1.6m above the minimum agreed level of £3.9m set by Fire Authority in December 2018. ;
- (j) There are still some minor adjustments to be made and there is uncertainty regarding funding for 2020/21 and beyond (including the potential impact of Brexit) but it is not expected that funding from Central Government will increase;
- (k) If any further funding cuts are implemented, the Service will have to undertake a fundamental review, but in the meantime, curbing spending and achieving savings remain priorities;
- (l) The projected budget for this year and up to 2021/22 is set out in the report and is to be referred to when considering Council Tax options but it is noted that even with a Council Tax increase of 2.95%, there will be an anticipated shortfall of £1.156m for 2019/20 which will create significant pressure on reserves.

The Chair commented that the Service was already running very leanly and that the reserves were modest, particularly as some other Fire Services maintained reserves of £45m.

Councillor Andrew Brown commented and the Committee agreed that in the current circumstances, where all money saving and making routes, including collaboration, had been considered or taken, there was no choice other than to propose a 2.95% increase in Council Tax.

RESOLVED

- (1) to recommend to the Fire Authority, to increase Council Tax by 2.95%;**
- (2) for the Chief Fire Officer to identify options for addressing the deficit to enable the Fire Authority to approve a balanced budget, as required by law.**

26 PRUDENTIAL CODE MONITORING REPORT TO NOVEMBER 2018

Becky Smeathers, Head of Finance, presented the report which informs the Committee of financial performance relating to the prudential indicators for capital accounting and treasury management for the three month period ending 30 November 2018.

It was noted that an additional £2m was borrowed in December, and that if interest rates drop further, further borrowing may be considered, but if rates increase, other options will be investigated.

RESOLVED to note the report.