



LEICESTERSHIRE  
COUNTY COUNCIL

**CABINET - 22<sup>ND</sup> JANUARY 2002**

**REPORT OF THE COUNTY TREASURER**

**CONSULTATION ON THE BUDGETS FOR 2002/03 OF THE LEICESTER,  
LEICESTERSHIRE AND RUTLAND COMBINED FIRE AUTHORITY AND THE  
LEICESTERSHIRE MAGISTRATES COURTS COMMITTEE**

**Introduction**

1. The purpose of this report is to present details of the budgets of the Combined Fire Authority and the Magistrates Courts Committee.

**Recommendation**

2. The Cabinet is asked to consider what response it wishes to make to the Combined Fire Authority and the Magistrates Courts Committee as regards their budgets for 2002/03.

**Reason for Recommendation**

3. To enable a response to be made to the Combined Fire Authority and the Magistrates Courts Committee, both of which are obliged to consult the County Council on their budget proposals.

**Timetable for Decisions**

4. The Combined Fire Authority is due to agree its budget on 6<sup>th</sup> February. The County Council must make a response on the Magistrates Courts budget by 15<sup>th</sup> February.

**Combined Fire Authority (CFA)**

5. The CFA's revised estimate for 2001/02 is in line with the original budget. A shortfall on income and pay inflation has been offset by savings on pensions and indirect employee expenses. The 2001/02 budget was set at the level of the SSA. Leicestershire has the lowest spend in relation to SSA of any county Fire Authority in 2001/2; on average counties' spending on fire is 16% above SSA.
6. The CFA budget proposals for 2002/03 are based on 6.7% increase compared with an overall SSA increase of 3.5% for all the constituent authorities; this represents a budget of 3.2% above the proposed SSA.

7. The proposed budget is set out below. This has been prepared on the basis of updating the 2001/02 original budget for the full year cost of inflation occurring in that year, estimated inflation for next year and the full year effect of approved changes and other changes also arising in 2001/02. This produces a budget which represents the cost of providing the current level of services in real terms, and is headed Provisional Estimate 2002/03. Growth has been added to this to produce the proposed budget for 2002/03.

	<u>£</u>
2001/02 Original Budget	22,318,483
Add Inflation	848,130
Changes	432,387
Less Contribution from Pensions Reserve	130,600
2002/03 Provisional Estimate	23,468,400
Add Growth	320,000
2002/03 Budget	23,788,400

8. The 'changes' item is largely comprised of a projected increase of £290,530 in the cost of fire pensions. This figure is net of the use of the full balance of £130,600 from the pensions reserve. Fire pension's are unfunded and consequently the costs can vary significantly from year to year. Other items include an increase in the provision for the maintenance of premises (£50,000) and additional capital financing costs (£55,360) to reflect the proposed capital programme. Various efficiency savings totalling £90,000 have also been included in this figure.
9. The figure for growth of £320,000 is made up of the following:-
- a) Non Uniformed Staff Review (£200,000)
- Details of this proposal have been requested, including the full year effect on the County Council's levy.
- b) Information and Communications Technology (ICT) (£90,000)
- This represents the leasing cost of the second stage of the I.T. Strategy. It includes the introduction of a document management system and upgrading control room equipment.
- c) Personnel Development (£30,000)
- This growth will allow completion of the implementation of the national framework for "Integrated Personal Development" for which growth was included in the 2001/02 budget.
10. The budget for the CFA would result in a levy on the County Council of £16.811m which is £509,000 more than the provisional fire SSA for the County Council. The budget proposals for the County Council assume a contribution of £16.811m.
11. Although the CFA must consult the constituent bodies on its budget, they have no right of veto. The budget is decided by the CFA itself.

## **Comments of the Chief Executive on the CFA Budget**

12. The County Council is being asked by the CFA to approve the recommended budget and its growth proposals with no supporting information provided about the largest single element of growth. The report to the CFA on 19<sup>th</sup> December 2001 says no more than the following:

*Non Uniformed Staff Review (£200,000)*

*A report elsewhere on the agenda sets out the details behind this growth bid.*

No estimate is included in the report in respect of the on-going costs.

13. In my opinion, this lack of justification and information in respect of the non-uniformed staff review is such that the Cabinet cannot reasonably be expected to make an informed response to the CFA budget as currently presented. I would have the same opinion if the CFA's proposal were for a budget increase much below that now recommended.
14. The report on the non-uniformed staff review "elsewhere on the (CFA) agenda" was not made available to the County Council, or to the other constituent authorities, as part of the budget process. As a constituent authority, however, the County Council receives a copy of all CFA reports and therefore a copy of the report of the Chief Fire Officer on the non-uniformed staff review is held within the County Council's records. The report was taken in private by the CFA.
15. I have read the report of the Chief Fire Officer to the CFA. The report refers to the review of uniformed staff now being implemented and the links with a review of non-uniformed staff. The overall intention is to achieve a more effective use of staff resources, which I am sure the Cabinet will wish to support. Unfortunately, apart from a reference to total proposed numbers of non-uniformed staff and generic jobs, no information is provided of the sort which I would expect to see presented in support of a substantial growth proposal. In particular, the report contains no detail about structures, grades and method of evaluation, or shows how the part-year estimated cost of £200,000 has been reached. It is, however, clear that the full year, on-going cost will be of the order of £500,000.
16. Having read the Chief Fire Officer's report, I remain of the opinion that the Cabinet cannot be expected to make an informed response to the CFA budget as currently presented. As stated elsewhere in this report, the CFA is obliged to consult the County Council and the other constituent authorities on its budget proposals, but the constituent authorities have no right of veto over the final budget decision of the CFA. The decision of the Cabinet needs to be communicated to the CFA in time for its budget meeting scheduled for 6<sup>th</sup> February.

## **Magistrates Courts Committee**

17. The revised estimate is in line with the original budget. The position for 2002/03 is very unclear at present.
18. The basic cash limit for 2001/02 was £5.108m but was increased by a successful bid to the Lord Chancellors Department Hardship Fund of £413,000. The basic cash limit for 2002/03 is the same in cash terms as 2001/02. The Committee has bid for £600,000 from the Hardship Fund. Assuming the bid is successful this would result in an increase in the total cash limit of 3.4%. However as the total available nationally in the Hardship Fund is only £6m, they are very unlikely to be awarded the full bid, particularly as there are more

competing bids in 2002/03. Previous practice has been to accept a budget based on the cash limit. The constituent authorities only meet the 20% of costs not covered by the cash limited specific grant. The County Council's budget proposals are based on a 4.3% increase in the line with the increase in the Environmental, Protection and Cultural Services SSA.

### **Background Papers**

19. Report to the Leicester, Leicestershire and Rutland Combined Fire Authority (19<sup>th</sup> December 2001) - Revised Estimate 2001/02 and Revenue Budget 2002/03.

Jan 2002 Cabinet - Consultation on Budgets