



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 16 June 2023 from 10.01 am - 11.34 am**

Membership

Present

Councillor Liaqat Ali
Councillor Callum Bailey
Councillor Richard Butler
Councillor Sybil Fielding
Councillor Patience Ifediora
Councillor Anwar Khan
Councillor Roger Upton

Absent

Councillor John Clarke MBE

Colleagues, partners and others in attendance:

Candida Brudenell – Assistant Chief Fire Officer
Becky Smeathers – Head of Finance and Treasurer to the Authority
Terry Scott - Head of Procurement and Resources
Andrew Howarth – Internal Audit Team Manager
Catherine Ziane-Pryor – Governance Officer

1 Appointment of Chair for the meeting

Resolved for Councillor Patience Ifediora, Vice-Chair of the Authority, to Chair the meeting.

2 Apologies for Absence

Councillor John Clark, on other County Council business.

3 Declarations of Interests

None.

4 Minutes

The minutes of the meeting held on 31 March 2023 were confirmed as a true record and signed by the Chair, presiding at the meeting.

5 2022-23 Revenue and Capital Outturn

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report which provides a historical update on the financial position of the Service for the 2022/23 financial year.

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

- a) Initially it was anticipated that there would be a significant deficit in 2023/24 of up to £3 million which would require cost saving cuts to the Service, so recruitment was delayed until the position became clearer – this created an underspend position for 2022/23;
- b) Higher than anticipated business rate relief grant was received towards the end of the year which has created a surplus £170,000;
- c) Holding vacant posts resulted in an underspend on staffing, but this saving was used to fund the 7% firefighter pay award;
- d) With a budget of £46 million, an underspend of £236,000 was achieved, with the proposal to transfer this sum to the following earmarked reserves:
 - £213,000 to the Mobilising Reserve for the Mobilising Project
 - £23,000 to iTrent Reserve for additional Consultancy;
- e) The whole time pay underspend equated to 1.8% the whole time pay budget;
- f) Transport costs were overspent by £433,000 due to the increase in fuel costs, but also vehicle maintenance costs as the replacement of appliances has been delayed and there are added complications with regard to accessing vehicle parts;
- g) Table 3 of the report provides a breakdown of reserve movement during the 2022/23 financial year;
- h) The costs, and gains from the apprenticeship levy are built into the budget and fund full-time training, but it is noted that the costs of training are far greater than funds received from the levy;
- i) The final figure for the business rate covid relief grant has now been finalised by the billing authorities, and there is no potential for the authorities to claw back any funding already received;
- j) Replacement fleet vehicles had been delayed from the initially proposed schedule as the life time of vehicles had been extended in an effort to save funds. However this has resulted in greater maintenance costs and the Service has experienced three catastrophic engine failures in vehicles which are nearly 15 years old;

- k) There is a delay in the supply of appliance chassis, although initially nine months, the delay is now 18 months, but four new pump appliances are expected to be in service for April 2024;
- l) Slippage for the whole year totals £980,000, but overall underspend totals £844,000.

Resolved

- 1) **to note the contents of the report;**
- 2) **to approve the transfer of £236k of underspends to Earmarked Reserves to support ongoing projects, as identified in section 2.2 of the report:**

Earmarked Reserve	Amount £'000
Mobilising Reserve	213
iTrent Reserve	23
Total	236

- 3) **to approve the slippage of £980k on the capital programme as detailed in Section 2.43 and Table 5 of the report.**

6 Revenue, Capital and Prudential Monitoring Report to April 2023

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report which sets out the financial performance of the Service and Prudential Code monitoring for the 2023/24 financial year, to the end of April 2023.

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

- a) The Prudential limits were set in February, the report provides an update on notable variances and activity since then;
- b) Table 1 in the report provides a summary of expenditure and funding, which includes a predicted underspend of £1.3 million, attributed to the following:
 - i. Whole time pay underspend was forecast at £525,000, for which between 16 and 28 posts are currently vacant;
 - ii. Non-uniform pay predicted a £45,000 underspend;
 - iii. Pensions are expected to overspend by £16,000, but there is a forecast underspend of £33,000 for injury allowance payments;
 - iv. Sales fees and charges predicted a surplus of £93,000;
 - v. The income surplus of £416,000, includes secondment income, remaining government grants, protection uplift, interest receivable;
- c) Further information on the capital financing costs is provided later in the agenda;

- d) Table 3 of the report sets out anticipated movement in reserves;
- e) With regard to the new appliances, the fourth appliance isn't expected to arrive until the new 2024/25 financial year, and so will be included in that year's budget;
- f) Recruitment is ongoing and turnover of staff has returned to normal levels. However, specialist areas such as IT and finance are nationally difficult to recruit to, especially with regard to pension services and some posts have been vacant for over a year;
- g) It is an aspiration for the whole of the non-operational service fleet (used by green book staff) to be electric within five years. As such, 12 stations already have electric charging points whereby staff charging their own vehicles are recharged at cost for the electricity used;
- h) Progress against the decarbonisation and energy reduction program includes the purchase of five hybrid vehicles;
- i) Whilst ICT programme spend has been slower than predicted, it is likely to pick up as vacancies are filled and team capacity and activity increases;
- j) All Prudential indicators are in line with the limits approved;
- k) Borrowing levels currently exceed the capital financing requirements as the Service borrowed early when rates were low, and is now benefiting from this advantage. A £3m loan is due to be repaid in March 24 which will bring borrowing levels back in line with the capital financing requirement at year end.

Resolved

- 1) to note the contents of the report, including the changes to the fire appliance capital budget outlined in sections 2.32 – 2.34 of the report;**
- 2) to approve the addition of a new £12k Marauding Terrorist Attack Equipment project to be funded from Capital Grant (section 2.30).**

7 Unaudited Final Accounts 2022/23

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report, highlighted the following points, and responded to members questions:

- a) As is required, the draft statement of accounts has been published to the website prior to the end of May and is presented to the committee for scrutiny;
- b) It is anticipated that the external auditors will not be able to commence the 2022/23 audit due to ongoing issues within the audit sector, including additional auditing requirements being imposed, which require additional resources when recruitment is very difficult, resulting in delays. Audits are currently running a year behind schedule;

- c) The outturn report looks at the management costs, while the audited statement looks at the full cost of providing the Service;
- d) The core accounting statements provide two years' worth of information;
- e) Financial Training regarding the statement of accounts can be made available to members if desired.

Resolved to note the draft Statement of Accounts for 2022/23, as attached at Appendix A to the report.

8 Home Office Efficiency and Productivity Plan

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the Nottinghamshire Fire and Rescue Service Efficiency and Productivity Plan Home Office submission for the financial year 2023/24 in response to the Home Office request for an Efficiency and Productivity Plan.

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

- a) It is noted that as part of the agreement to enable the Service to increase council tax, an efficiency and productivity plan is required by the Home Office, to show that the service every effort to identify any inefficiencies and address them;
- b) The efficiency and productivity plan is attached the report sets out:
 - i. the financial management of the Service;
 - ii. efficiencies already identified and addressed to date;
 - iii. actions to support all areas of staffing identify further efficiencies and/or improve productivity;
 - iv. progress against key performance indicators
 - v. how the Service has sought the broader efficiency and productivity benefits of collaborative working with other fire rescue services, other emergency services, local authority and health care services;
 - vi. the plan also sets out the Futures25 Efficiency Strategy for the Service;
 - vii. asset management and investment in technology;
 - viii. resourcing (including pay) and procurement;
- c) The service will continue to seek and ensure value for money;
- d) A Futures 25 phase 2 update report will be submitted to the fire authority in July 2023.

Members of the committee welcomed the document as very comprehensive and providing a useful background to the current position.

Resolved to:

- 1) note the content of the Efficiency and Productivity Plan for 2023/24;**

- 2) **endorse the Service's approach to delivering the plan via the Futures 2025 improvement programme;**
- 3) **agree to receive future update reports as necessary.**

9 Internal Audit Annual Report 2022/23

Becky Smeathers, Head of Finance and Treasurer to the Authority, introduced Andrew Howarth, Internal Audit Team Manager, who presented the report.

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

- a) Internal audits were undertaken in the following areas and overall provided an assessment of reasonable to substantial assurance:
 - i. Performance Management;
 - ii. Fleet Maintenance
 - iii. Asset Disposals
 - iv. Budget Management Risk Management
 - v. Regionalisation / Joint Working
 - vi. Cyber Security
- b) It is noted that the Corporate Governance internal audit is postponed until the next financial year;
- c) Internal audits undertaken since the last report to the Finance and resources committee, and therefore, presented in more detail, are risk management, regionalisation/joint working, and cyber security;
- d) A summary of the recommendations for each audit is set out in appendix A to the report;
- e) The audit plan for this year is attached as appendix C to the report and identifies the following six areas for review:
 - i. Workforce planning & recruitment
 - ii. Contract management
 - iii. Leading the Service (National Fire Standard)
 - iv. Health and safety
 - v. Business continuity planning
 - vi. Information security (data & physical security)
- f) Any issues identified during an audit are presented with recommendations in an audit report and then action tracked for progress, with regular updates to the Chief Fire Officer. Members of the Authority would be made aware of any significant issues;
- g) Senior officers can request an internal audit in a specific area to identify issues and seek solutions;

- h) The proposed audit plan is not set in stone, and if concerns are raised in another work area, audit focus and priorities may change;
- i) The Cardiff checks referred to in appendix C to the report refer to ad-hoc checking of invoices which are then scrutinised in detail from initiation to process completion to ensure the proper processes have been applied and there are no areas of concern or fraud;
- j) With regard to staffing and recruitment, if an overspend does occur, the Service will look to address it by the end of the financial year, but there are currently external pressures such as inflation, pay and availability of suitably qualified staff.

Resolved to:

- 1) **note the outcome of the 2022/23 Internal Auditors Annual Report;**
- 2) **note the outcome of 2 of the 3 internal audit reports completed since the last audit update report to Finance and Resources Committee, the third being considered in private, later in the meeting;**
- 3) **note the 2023/24 External Audit Plan (Appendix C of the Internal Auditors Annual Report).**

10 Exclusion of the Public

RESOLVED to exclude the public from the meeting during consideration of the remaining 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 outweighs the public interest in disclosing the information.

11 Exempt Appendix to Internal Audit Report

Resolved to note the outcome of exempt audit report completed since the last audit update report to Finance and Resources Committee.

12 Sale of Former NFRS HQ, Bestwood Lodge

Terry Scott, Head of Procurement and Resources, presented the report which provides an update on the sale of the former Fire and Rescue Headquarters at Bestwood Lodge.

Resolved to approve the recommendations as set out on the report.