



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

**Minutes of the meeting held at Dunkirk and Beeston Suites - Highfields Fire Station,
Hassocks Lane, Beeston, Nottingham. NG9 2GQ on 20 October 2023.**

Part 1 - 10.04am – 10.05am

The meeting opened and Committee unanimously agreed to postpone the meeting until 10.30am due to severe weather conditions and flooding which has delayed the arrival of some Lead Officers and Members.

Part 2 – 10.30am- 11.15am

Membership

Present

Councillor John Clarke MBE (Chair)
Councillor Liaqat Ali
Councillor Callum Bailey
Councillor Richard Butler
Councillor Anwar Khan (minutes 17-18 inclusive)
Councillor Roger Upton

Absent

Councillor Sybil Fielding

Colleagues, partners and others in attendance:

Candida Brudenell – Assistant Chief Fire Officer
Becky Smeathers – Head of Finance and Treasurer to the Authority
Matt Reavill – Head of Corporate Risk management
Hassan Rohimun - External Auditor of Ernst and Young LLP
Catherine Ziane-Pryor – Governance Officer

13 Apologies for Absence

Councillor Sybil Fielding (medical appointment)
Councillor Anwar Khan for predicted lateness.

14 Declarations of Interests

None.

15 Minutes

The minutes of the meeting held on 16 June 2023 were confirmed as a true record and signed by the Chair.

16 Revenue, Capital and Prudential Code Monitoring Report to August 2023

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report, highlighting the following points and responding to members' questions:

- a) Previously reported to the end of April 2023, this report sets out the position as of 31 August 2023, presenting an underspend of £1.4 million which equates to 3% of the overall budget;
- b) There are several factors contributing to the underspend, including the Service operating under establishment, lower than predicted on-call pay costs, higher than anticipated investment returns due to the higher interest rates, and slippage on payment for fire appliances from last year;
- c) Previously, it was intended to draw on £400k of reserves, but it is proposed to not utilise these at moment;
- d) It is proposed that the underspends be reallocated to recruitment, (training, including training facilities and HR resources. Additional spend is predicted for maintenance cost due to significant market price increases, so it is proposed to accelerate timeframes of some key projects, including the mobilising system, for which additional contract costs and the additional internal work required to house the new servers;
- e) Additional HR funding is required as the Service accelerates the previously paused recruitment. It is not unusual to receive in the region of 600 applications, all of which require additional officer time to process, and as other areas of work are demanding at this time and no capacity is available within recruitment, additional staffing is required;
- f) With reference to the £38k virement relating to the Building Safety Regulator grant, it is noted that the Committee's approval is required for the virement, which technically enables the accounts to balance, and this is not a cost to the Service;
- g) The entire costings for the new mobilising system can only be predicted at this stage due to several uncontrollable influences, including the impact of the Leicestershire Fire and Rescue Service withdrawing from the arrangement, which means that all costs are shared between Nottinghamshire and Derbyshire Services. As an initial response, the Authority had approved an additional £170k allocation to the capital programme. As the system servers will not be cloud-based, additional facilities are required to house them, hence the £100k spend for server costs with further costs anticipated;
- h) Breathing apparatus washing facilities are required in 2 stations along with establishing a system to collect and deliver kit;

- i) A significant increase in fuel costs was predicted and accounted for in next year's budget, but is yet to materialise, although prices continue to fluctuate;
- j) Capital Programme expenditure is not significant and mainly applies to 17 new vehicles. With increasing market costs, it is possible that there will be an overspend on appliances, but this is difficult to predict and a delivery date is not yet confirmed, but payment is only due on delivery;
- k) The buyer of the old Headquarters site has withdrawn, so other options are being considered and a long delay in selling is not anticipated;
- l) Electric charging points across all buildings are for the benefit of the Service's light fleet vehicles which are either electric or hybrid. Staff also have access to charging points on a recharge at cost basis. Where available, grants have been drawn down for the installation charging points and any other funding opportunities to further improve the infrastructure and progress the Services' commitment to decarbonisation;
- m) With regard to Prudential reporting, borrowing is purposely higher than the capital finance requirement as the Service took advantage of low interest rates but borrowing levels will return to required levels by the end of the year.

Resolved to:

- 1) note the report;**
- 2) approve the plans and virements for using £927k of the forecasted underspends, as outlined in Sections 2.2 – 2.3 of the report;**
- 3) approve the £38k virement relating to the Building Safety Regulator grant and the associated post (Section 2.4 of the report);**
- 4) approve the transfer of the £147k Fire Protection Uplift grant to earmarked reserves (Section 2.13 of the report).**

17 Corporate Risk Management

Matt Reavill, Head of Corporate Risk Management, presented the report.

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

- a) The risk situation is much improved, and has stabilised from that of a year ago, when there was uncertainty around industrial action, pension liabilities, and the Council Tax precept level;
- b) The report and register set out how risk levels are assessed and set from very high to low risk;

c) Very high, high, and medium risk areas are summarised as follows:

Very High Risk	Mobilising (Risk 3)	No change
High Risk	Balanced budget (Risk 1)	Reduced from Very High
	Firefighters Pension Scheme (Risk 2)	Reduced from Very High
	Service reputation (Risk 15)	No change
	Preventable deaths (Risk 6)	No change
	Employee engagement (Risk 4)	No change
	Workforce sustainability (Risk 5)	No change
Medium Risk	Health, safety and welfare (Risk 7)	No change
	Availability of resources (Risk 9)	No change

d) Members are assured of constant monitoring to identify any emerging or escalating risks, and that an audit of risk management provided an outcome of 'substantial assurance'.

Resolved to:

- 1) **endorse the Service's approach to managing the key risks to the Authority;**
- 2) **note the most recent version of the Corporate Risk Register attached at Appendix A to the report.**

18 External Audit Plan 2021/22

Hassan Rohimun, External Auditor of Ernst and Young LLP, presented the Audit Planning report for the year ended March 2022, as of September 2022.

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

- a) the Audit was on track to be completed by October 2023, but the Audit Manager responsible for this Audit has been taken ill, the Audit conclusion will be delayed as other officers release capacity to undertake the work;
- b) Section 1 of the Plan provides an overview of the strategy, including audit risks identified, with changes from the previous year highlighted;
 - i. Risk of fraud in revenue and expenditure recognition: Inappropriate capitalisation of expenditure;
 - ii. Misstatements due to fraud or error (as per international standards);
 - iii. Valuation of Pension Liabilities – LGPS;
 - iv. Valuation of land and buildings;
 - v. Valuation of Pension Liabilities – Firefighters' Pension Scheme;
- c) Set out in the report is a summary of the scope of the audit, including:
 - i. Overview of the audit strategy;
 - ii. Audit risks;

- iii. Value for money risks;
 - iv. Audit materiality;
 - v. Scope of the audit;
 - vi. The audit team and timeline;
 - vii. Interdependencies;
- d) No firm date can be provided yet for the predicted completion of the final Audit, nor the final cost as additional work may be required, but finance officers will be kept informed and a 'worst-case-scenario' estimate provided to members of the committee following the meeting;
- e) The external auditors currently have no responsibility to review climate impact within the corporate sector, but this may become more relevant to future public sector audits;
- f) The cost of the new External Audit contract for the new financial year will be significantly increased and expected to total approximately £95,000, although there has been some initial funding from Central Government to support these costs.

Whilst member of the committee acknowledged the additional National Audit requirements which have resulted in a significantly increased workload, along with the issues around availability of Auditors, concern was expressed that the cost has risen so significantly in recent years and that the Service and Local Authorities were expected to absorb this cost.

Resolved to note the report.

19 Becky Smeathers, Head of Finance and Treasurer to the Authority

As this is Becky Smeathers' last meeting with the Authority, the Chair wished Becky well in her new ventures and thanked her for her work, dedication and professionalism.