



**NOTTINGHAMSHIRE & CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY
FINANCE AND RESOURCES COMMITTEE**

**MINUTES of the meeting held at Fire and Rescue Services HQ, Bestwood Lodge,
Arnold Nottingham NG5 8PD on 29 June 2018 from 10.00am - 10.57am**

Membership

Present

Councillor Malcolm Wood (Chair)
Councillor Andrew Brown
Councillor John Clarke
Councillor Brian Grocock
Councillor Mike Quigley MBE

Absent

Colleagues, partners and others in attendance:

John Buckley	- Chief Fire Officer
Craig Parkin	- Assistant Chief Fire Officer
Ian Pritchard	- Head of Procurement and Resources
Becky Smeathers	- Head of Finance
Catherine Ziane-Pryor	- Governance Officer

1 APOLOGIES FOR ABSENCE

None.

2 DECLARATIONS OF INTERESTS

None.

3 MINUTES

The minutes of the meeting held on 27 April 2018 were confirmed as a true record and signed by the Chair.

4 REVENUE AND CAPITAL OUT-TURN FOR 2017/18

Becky Smeathers, Head of Finance, presented the report informing members of the financial performance of the Service in the year 2017/18, and analysing significant variances against revenue and capital budgets. This final position will also be reported in the Statement of Accounts for 2017/18 at the Combined Fire Authority meeting on 20 July 2018.

The following points were highlighted and responses given to members' questions:

- (a) total expenditure for 2017/18 was £41.971m against a budget of £40,805m;
- (b) earmarked reserves are £1.211m;
- (c) £384,000 was used from general reserves, which is an underspend of £142,000;
- (d) there is an overall budget overspend of £1.166m;
- (e) variances are detailed in the report and include:
 - (i) Pay award;
 - (ii) Pension costs;
 - (iii) Superannuation/National Insurance;
 - (iv) Business Rates;
 - (v) Planned fleet maintenance;
 - (vi) Capital Financing Costs
 - (vii) Secondment income;
- (f) with regard to the additional expenditure of £178,000 on fleet maintenance, this was as a result of several incidents, including mechanical engine failure on an appliance, an accident (for which an insurance claim has been submitted), and a fault found on some appliances between the vehicle and pump which requires specialist correction by the manufacturers. If this fault is found to be in appliances across the UK, then there may be grounds for a claim, but this is yet to be determined.

RESOLVED to:

- (1) note the contents of the report;**
- (2) recommend to the Fire Authority to transfer £500,000 from general fund to the Transition Earmarked Reserve;**
- (3) approve the total capital slippage of £1,248,000 to be carried forward to 2018/19 as detailed in paragraph 2.21 of the report.**

5 REVENUE AND CAPITAL MONITORING TO 31 MAY 2018

Becky Smeathers, Head of Finance, presented the report informing members of the financial performance of the Service so far in the year 2018/19 to the end of May 2018.

The following points were highlighted and responses given to members' questions:

- (a) the report outlines areas with a higher risk of significant variance and it is noted that there are likely to be further changes during the course of the year;
- (b) Summary Expenditure and Funding Position:

	2018/19 Budget £'000	2018/19 Revised Budget	Forecast Outturn £'000	Variance £'000
Expenditure	42,227	42,514	42,039	(475)
Income	(40,783)	(40,783)	(40,783)	(0)
General Fund Reserves	(1,444)	(1,444)	(969)	(475)
Earmarked Reserves	0	(287)	(287)	(0)
Total	0	0	0	0

- (c) reserves are still in line with the levels agreed in February by the Fire Authority;
- (d) with regard to reserves, this Service's reserve level is mid-table of all English Services. The full listings are due to be published by Central Government and CIPFA and will be brought to the next meeting;
- (e) the National Joint Council (NJC) has requested that all Chairs and Chief Fire Officers attend an update briefing next week with regard to the pay award, which suggests significant developments. NFRS has budgeted 2% but Scotland has proposed 20% pay rise over 5 years. In addition to the pay award issue, there are differing views regarding broadening the role of Fire Fighters;
- (f) with regard to the Breathing Apparatus (BA) capital project, the budget figure includes the purchase of BA radios which have been trialed and will now be rolled out across the service;
- (g) the delay of 7 weeks to the completion of Newark Fire Station does not have a significant direct impact on the Service as it is predicted that the majority of costs will be met by the builder.

RESOLVED to note the contents of this report.

6 PRUDENTIAL CODE MONITORING TO MAY 2018

Becky Smeathers, Head of Finance, presented the report informing the Committee of the performance for the two month period of 31 May 2018 relating to the Prudential Indicators for Capital Accounting and Treasury Management.

The following points were highlighted and responses given to members' questions:

- (a) in April the Service committed to some short –term borrowing of £3m until July to assist with cash-flow whilst waiting for the Central Government Grant;
- (b) a long-term loan of £1m was taken out in May to take advantage of the low interest rate;
- (c) the report contains information on the loan maturity profile, total debt compared to Prudential Limits, and cash balances for the period 1 April 2018-31 May 2018.

RESOLVED to note the content of the report.

7 INTERNAL AUDIT ANNUAL REPORT 2017/18

John Buckley, Chief Fire Officer, presented the report bringing to the attention of Members the annual report prepared by the Authority's Internal Auditors, including the outcomes of two additionally commissioned audits. The Internal Audit strategy 2017/18 to 2019/20 is included along with the Annual Audit Report.

Rob Disney, from Internal Audit at Nottinghamshire County Council was in attendance to respond to Member's questions along with Ian Pritchard, Head of Procurement and Resources.

The following points were highlighted and responses given to members' questions:

- (a) where senior officers believe that there may be an issue with process or procedure, Internal Audit are invited to investigate and recommend solutions which will support the Service;
- (b) a specialist audit was undertaken by blue light tax consultants to ensure that the Service is legally compliant, specifically with regard to Employment Taxes, the Construction Industry Scheme and VAT. Action is being undertaken to amend processes around taxation connected to vehicle leases following a change in legislation;
- (c) a Pension Administration audit was undertaken and an audit opinion of substantial assurance issued;
- (d) based on the Internal Audit Work completed during the year, an opinion of satisfactory was issued on the overall level of internal control;
- (e) although no specific issues were identified, as a matter of good practice, action challenge is one of the recommendations which has been implemented in that once an action has received management approval, confirmation is sought that the action has been completed;
- (f) low risk issues are treated as advisory as it is more efficient for the Service to focus on addressing higher risk issues;
- (g) an external Quality Assurance test was completed in March and illustrated a high level of compliance with some helpful recommendations to take forward;
- (h) Ian Pritchard assured the Committee that all assets are tagged as part of the Red Kite System. Processes are thorough although some unregistered kit had been found in a store at the Mansfield Station;
- (i) Internal Audit will be asked to examine new estate management, including lease agreements, room hire and collaboration agreements. Although the majority of lease agreements are now formalised, there needs to be a nationally agreed collaboration process as circumstances are changing quickly as collaboration arrangements develop.

Councillor Mike Quigley expressed concern that notoriously across the majority of organisations, asset management and property and premises are areas where controls tend to be weak and need to be closely monitored. It is suggested that a follow-up on Asset Management is allocated a timescale to be revisited. Consideration should include Wi-Fi.

RESOLVED

- (1) to note the contents of the report;**
- (2) to approve the Internal Audit Strategy for 2018/19 to 2019/20 as set out in Section D of the Internal Audit Annual Report 2017/18 published with the agenda;**
- (3) for completed internal audits to be submitted to the Finance and Resources Committee as they are completed to assist with monitoring.**

8 ICT RESOURCE REVIEW

John Buckley, Chief Fire Officer, presented the report updating members on demands for resources in delivering the ICT Strategy of the Fire Authority. Gavin Harris, Head of ICT, was also in attendance to respond to any technical queries.

The following points were highlighted and responses given to members' questions:

- (a) the demands on the ICT Service are changing and additional resources are required to meet the increased number of risks and responsibilities that need to be managed internally and externally;
- (b) following a report to the Committee in January, an initial assessment was undertaken which concluded that additional permanent skills are required in the ICT Team to proportionally manage the risks identified, including cyber security and on-going project work;
- (c) currently there are 4 temporary posts which are in place to service specific project work, including Emergency Services Network (ESN), but there are not enough core specialist ICT positions to meet the current and projected future needs of the service;
- (d) the initial predicted cost of formalising appropriately capable staffing will be in excess of £200,000 per year but there are no feasible alternative options. In future, collaboration arrangements may provide opportunities but currently Police and Fire systems are not compatible;
- (e) in addition to seeking the support of this Committee, a formal report will be submitted to Human Resources Committee and if agreed, progressed to Full Fire Authority to consolidate the budget.

RESOLVED

- (1) to note the contents of the report;**
- (2) to support a review of ICT Structure to identify additional resources;**

- (3) to receive further update reports on progress in delivering resources to manage future risk and review of the ICT strategy.**

9 CHANGES TO THE GIFTS AND HOSPITALITY POLICY

Ian Pritchard, Head of Procurement and Resources presented the report which seeks approval to revise the Gifts and Hospitality Policy, the proposed draft of which is attached to the report.

The following points were highlighted and responses given to members' questions:

- (a) following an Internal Audit review of Anti-Fraud and Anti-Corruption procedures, a review of the Gifts and Hospitality Policy is required;
- (b) the report summarises the changes proposed to the existing Gifts and Hospitality Policy which includes reducing the declarable value from £25 to £10, including hospitality, and requiring entry into free draws to be declared and tightening of policies for staff responsible for budget and purchasing;
- (c) the revised policy will be published annually on the Service's website.

RESOLVED to agree to the revisions to the Gifts and Hospitality Policy.

10 EXCLUSION OF THE PUBLIC

RESOLVED to exclude the public from the meeting during consideration of the remaining items 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 by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Act.

11 EXEMPT MINUTES

The exempt minutes of the meeting held on 27 April 2018 were confirmed as a true record and signed by the Chair.