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NOTTINGHAMSHIRE & CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY - FINANCE AND RESOURCES

Date: Friday 29 March 2019 **Time:** 10:00am

Venue: Fire and Rescue Services HQ, Bestwood Lodge, Arnold Nottingham NG5 8PD

Members are requested to attend the above meeting to be held at the time, place and date mentioned to transact the following business

A handwritten signature in black ink, appearing to read "M. J. Carter". The signature is fluid and cursive.

Clerk to the Nottinghamshire and City of Nottingham Fire and Rescue Authority

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ANY COUNCILLOR WHO IS UNABLE TO ATTEND THE MEETING AND WISHES TO SUBMIT APOLOGIES SHOULD DO SO VIA THE PERSONAL ASSISTANT TO THE CHIEF FIRE OFFICER AT FIRE SERVICES HEADQUARTERS ON 0115 967 0880

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ABOVE, PLEASE CONTACT THE CONSTITUTIONAL SERVICES OFFICER SHOWN ON THIS AGENDA, IF POSSIBLE BEFORE THE DAY OF THE MEETING.

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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.



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

PRUDENTIAL CODE MONITORING REPORT TO FEBRUARY 2019

Report of the Treasurer to the Fire Authority

Date: 29 March 2019

Purpose of Report:

To inform Members of performance for the three-month period to 28 February 2019 relating to the prudential indicators for capital accounting and treasury management.

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1. BACKGROUND

- 1.1 The Local Government Act 2003 sets out a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities' decision making in the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code, which CIPFA updated in 2011.
- 1.2 The objectives of the Prudential Code are to ensure that the capital investment plans of authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice. The Prudential Code sets out a number of indicators which authorities must use to support decision making. These are not designed to be comparative performance indicators.
- 1.3 The Fire Authority approved these prudential indicators for 2018/19 at its meeting on 16 February 2018.
- 1.4 The Prudential Code requires that local authorities report performance against prudential targets to Members.

2. REPORT

PRUDENTIAL INDICATORS

- 2.1 Some of the prudential indicators cannot easily be measured until the final year end expenditure position for both capital and revenue is determined. These will be included in the 2018/19 Treasury Management Annual Report for 2018/19 to Fire Authority in September 2019. These indicators are:
 - Ratio of financing costs to net revenue stream 2018/19 (affordability).
 - Incremental impact of capital investment decisions on Council Tax 2018/19 (affordability).
 - Total capital expenditure 2018/19.
 - Capital Financing Requirement as at 31 March 2019.
- 2.2 In terms of borrowing, the indicator "Gross borrowing and the capital financing requirement (CFR)" (a prudence indicator) requires that gross external borrowing does not, except in the short term, exceed the CFR. The CFR at 1 April 2018 was £26.278m and was estimated to be £27.306m by the year end.
- 2.3 The Authority set an operational boundary for 2018/19 of £29.723m and an authorised limit of £32.695m. Although these limits are year end targets, the Authority is required to demonstrate that it has not exceeded them at any time during the financial year.
- 2.4 During this financial year, £3m long term borrowing has been undertaken from the PWLB - £1m in May 2018, and £2m in January 2019 to take advantage of low interest rates. In addition in January 2019 temporary borrowing of £2m

was taken out for 7 days. As a consequence, total borrowing at the end of February was £23.642m. This is well within the operational boundary of £29.723m and CFR.

- 2.5 The graph given as Appendix A illustrates the levels of borrowing up to the end of February 2019.

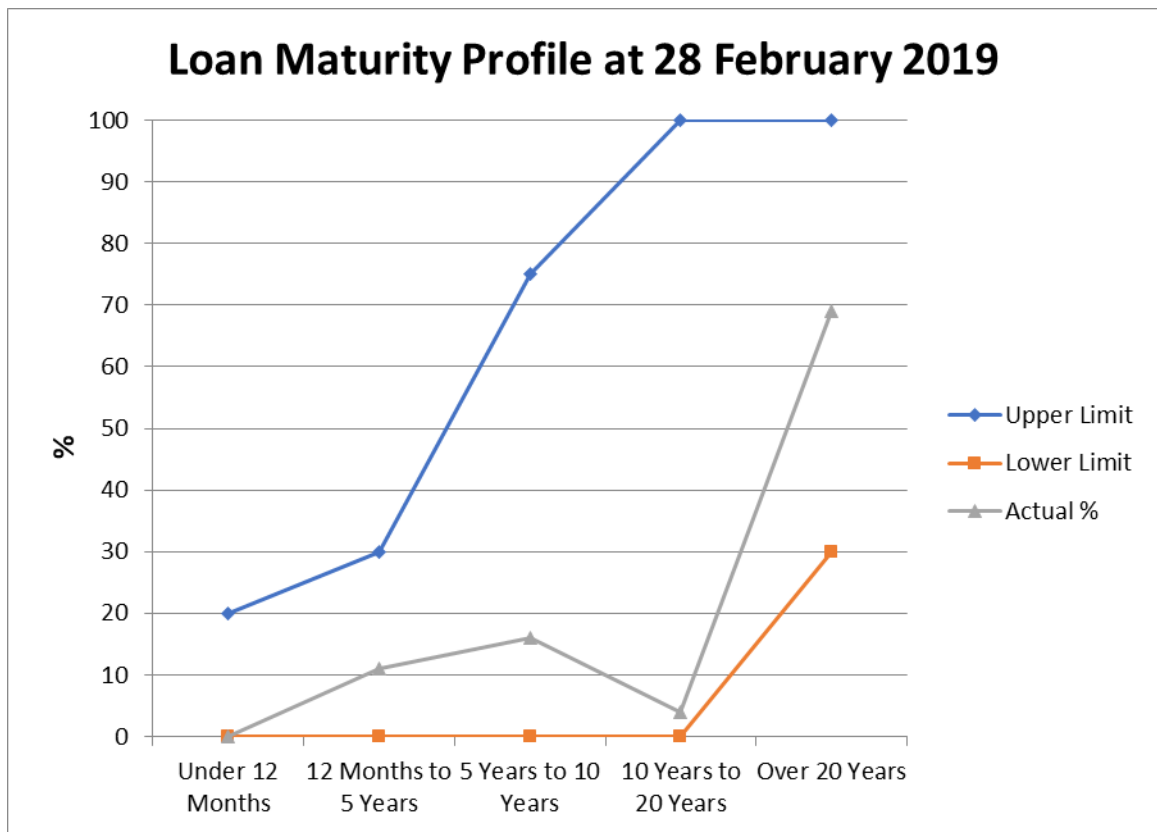
TREASURY MANAGEMENT INDICATORS

- 2.6 An interest earnings budget of £66k was set for 2018/19, as at 28 February 2019 £70k has been received. Within the benchmarking group supported by Link Asset Services there are 7 councils and NFRS within the group, as at the end of December 2018, NFRS Weighted Average Rate of Return (WARoR) is 0.79% the average of the group is 0.82%.
- 2.7 The treasury management target relating to interest rate exposure is that fixed interest rate exposures should be between 0% and 100% of total lending and that variable interest rate exposures should be between 0% and 30%. During the period up to 28 February 2019, 100% of borrowing was at fixed interest rates.
- 2.8 The treasury management target in respect of cash management is that the Authority's bank overdraft should not exceed £200,000. During the three months of up to 28 February 2019 the current account has not exceeded the limit. A graph of cash balances for the three months up to 28 February 2019 is shown in Appendix B.

Treasury management limits relating to loan maturity are shown below:

Loan Maturity		
	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months to 5 years	30%	0%
5 years to 10 years	75%	0%
10 years to 20 years	100%	0%
Over 20 years	100%	30%

Actual performance against these targets at 28 February 2019 is shown in the following graph and demonstrates that none of the maturity bands have been breached.



2.9 The upper limit for sums invested for longer than 364 days is £2m. During the part of the 2018/19 financial year up to 28 February 2019, no sums were invested for a fixed term of longer than 364 days. This excludes amounts invested in call accounts with notice periods of less than 364 days, and on which notice can be given immediately if required.

UK SOVEREIGN RATING

2.10 Following on from the report to Members of this Committee in January, it is confirmed that the sovereign rating of the UK remains at AA (Fitch rating) which means that investments in UK institutions are within the current Treasury Management Strategy's parameters. On 25 September, Moody's downgraded the UK Sovereign rating from Aa2 to Aa1, which brings it in line with that of Fitch and S&P (also AA).

2.11 The Authority's policy around Sovereign Ratings has been reviewed as part of the Treasury Management Strategy at Fire Authority on 16 February 2018. Should the UK be downgraded to AA- status, the Authority's strategy will be to continue with existing banking arrangements and to retain current investments with UK institutions.

3. FINANCIAL IMPLICATIONS

The financial implications are set out in full within this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources and learning and development implications arising directly from this report.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report gives detail of performance against the approved Treasury Management Strategy and Prudential Code. These are financial policies and do not directly impact on employees or members of the public.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

The Prudential Code is a framework which sets out to quantify and minimise financial risk arising from the financing of capital, the investment of surplus funds and the maintenance of operating cash balances for the Authority. The favourable performance against the prudential targets demonstrates that these areas of operation are being managed effectively.

9. COLLABRATION IMPLICATIONS

There are no collaboration implications arising from this report.

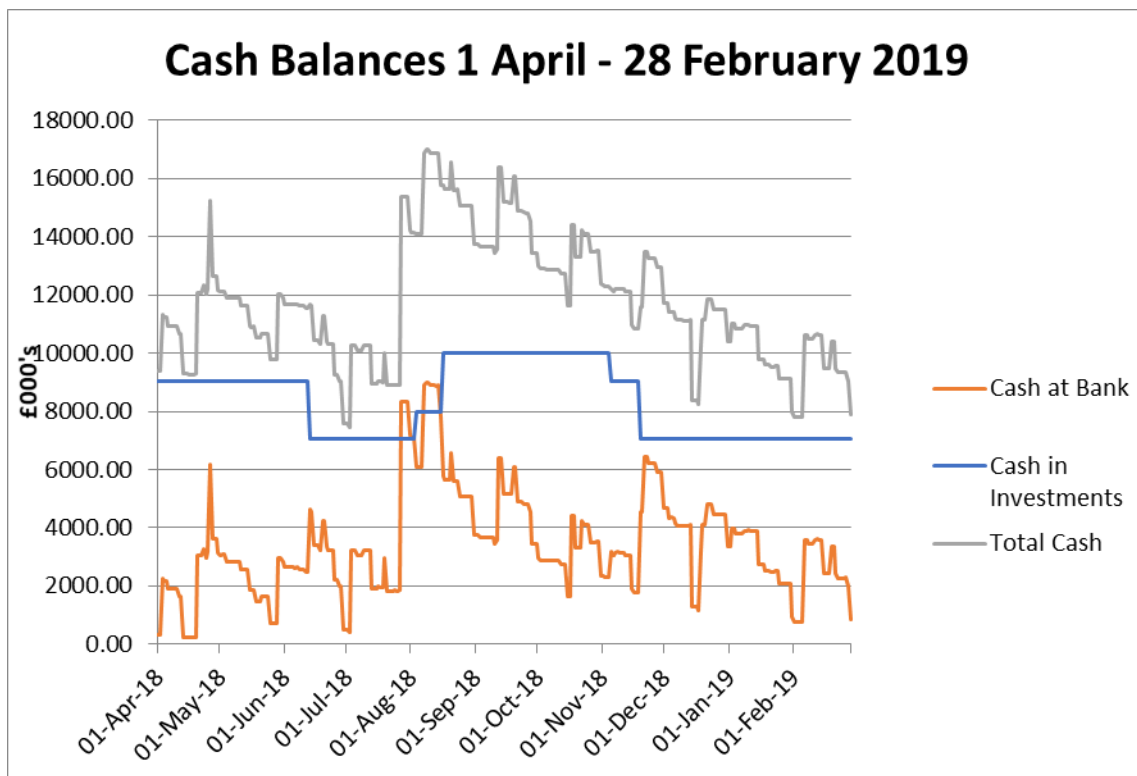
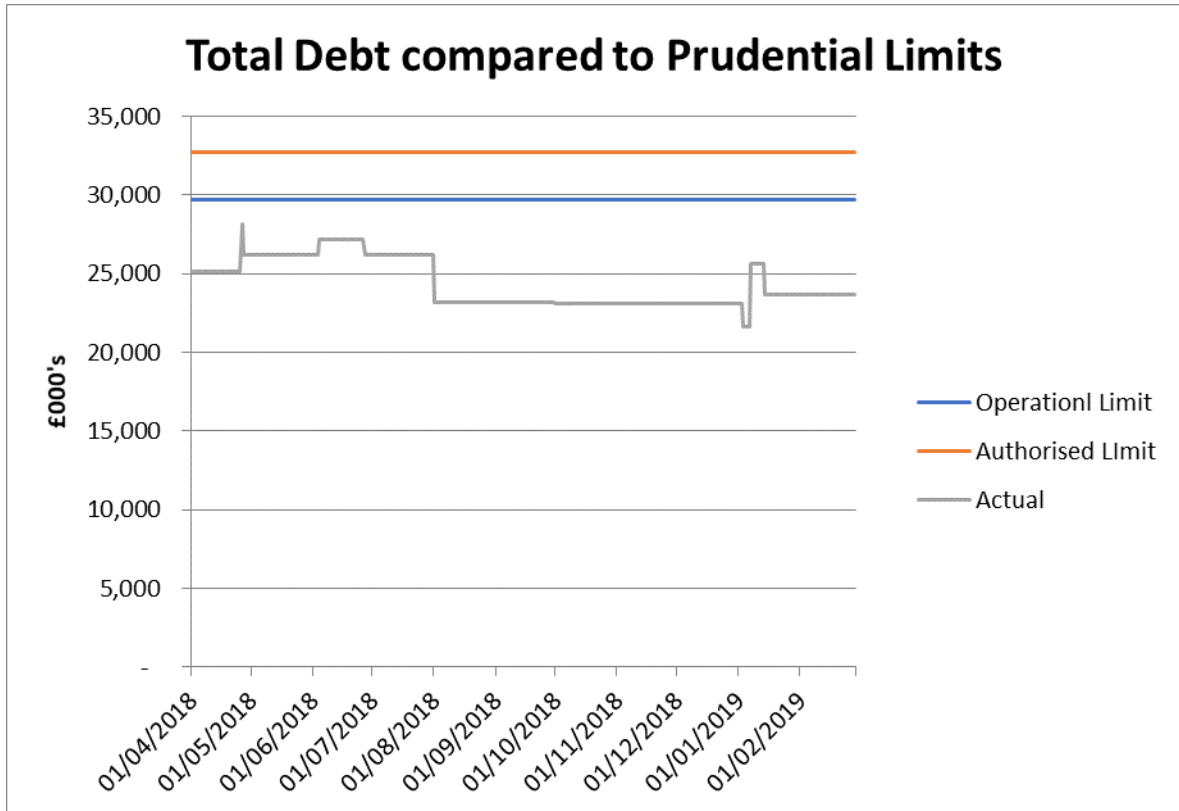
10. RECOMMENDATIONS

That Members note the contents of this report.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Charlotte Radford
TREASURER TO THE FIRE AUTHORITY



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NOTTINGHAMSHIRE
Fire & Rescue Service
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Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Finance and Resources Committee

REVENUE AND CAPITAL MONITORING REPORT TO 31 JANUARY 2019

Report of the Chief Fire Officer

Date: 29 March 2019

Purpose of Report:

To report to Members on the financial performance of the Service in the year 2018/19 to the end of January 2019.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 Budget monitoring is a key aspect of financial management for the Fire and Rescue Authority. Regular reporting of spending against the revenue budgets is a check that spending is within available resources and, if necessary, allows for financial resources to be re-assigned to meet changing priorities.
- 1.2 For this report, those key areas with a higher risk of significant variance are reported on. An assessment of this risk has been made in the light of the size of the budgets selected and / or previous experience of variances, as well as the emergence of actual variances. It is vital that an overview of the budgetary position during the year is maintained so that appropriate action can be taken in respect of significant variances and the budget is managed as a whole.

2 REPORT

REVENUE BUDGET

- 2.1 The revenue monitoring position is attached at Appendix A. It shows a forecast outturn position of £43.082m against a revised budget of £43.149m. Within the forecast outturn of £43.082m there is expenditure of £922k that will be met from the earmarked reserves. A summary position of expenditure and funding is shown in the table below:

Table 1 – Summary Expenditure and Funding Position

	2018/19 Budget £'000	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Expenditure	42,227	43,149	43,082	(67)
Income	(40,783)	(40,783)	(40,783)	0
General Fund Reserves	(1,444)	(1,444)	(1,377)	67
Earmarked Reserves	0	(922)	(922)	0
Total	0	0	0	0

- 2.2 A more detailed analysis of expenditure can be found at Appendix A.
- 2.3 Details of the major variances are shown below:

- **Wholetime pay** (Including overtime) is forecast to **overspend** by **£234k**.
- **Non-uniformed pay** is forecast to **underspend** by **£117k**
- **Retained pay** is forecast to **underspend** by **£351k**

- **Redundancy payments and pension strain costs** are forecast to **overspend** by **£432k**.
- **Car Tax Liabilities** prior year liabilities to be met by the Authority have been estimated at **£225k**.
- **Firefighter pension charges to revenue** are forecast to **underspend** by **£108k**.
- **Capital financing costs** (interest costs and minimum revenue provision charges) are forecast to **underspend** by **£173k**.
- There is a forecast **deficit** of **£183k** relating to **the Prince's Trust**.

2.4 These significant variances are explained further in the report below, together with details of other key variances.

2.5 **Wholetime pay:** the total forecast overspend on wholetime pay is **£234k**.

- Basic pay is forecast to underspend by **£256k**. This represents 1.6% of the budget and is due to vacancies earlier on in the year. Wholetime was under-established by an average of 4 posts during the period from April to December 2018. 12 trainee firefighters were recruited in January 2019.
- Pre-planned overtime is forecast to overspend by **£420k**. This is due to the use of overtime to plug gaps in the ridership. At the end of January there was a shortfall of 17.5 FTE posts in the wholetime ridership.
- Unplanned overtime relating to late fire calls is forecast to overspend by **£58k**. However, £28k of this related to assistance given to Lancashire and Greater Manchester Fire and Rescue Services during the moorland fires, and these costs have been recovered. The remaining overspend is therefore **£30k**.
- Employer's national insurance and pension contributions are expected to overspend by a total of **£21k** as a result of the overspend on overtime.

2.6 **Retained pay:** This overall retained pay budget is expected to underspend by **£351k**.

- The most significant area of underspend relates to drills and training, which is forecast to underspend by **£373k**. The budget calculation was based on the assumption that RDS staff would undertake 3 hours of drills per week, which has not been achieved. This budget has been reduced for 2019/20. Recruitment levels are lower than budgeted and this has also contributed to the training underspend.
- The underspend on drills and training is partially offset by a forecast overspend of **£120k** relating to turnouts, disturbance allowances and attendance fees. This was largely caused by the spike in incident numbers caused by the unusually warm weather in the summer. The forecast overspend includes £43k relating to the assistance given to Lancashire and Greater Manchester Fire and Rescue Services during the moorland fires. These costs have been recovered under the Bellwin Scheme (contributing to the surplus relating to recovered costs).

- The budget for RDS community safety activity is forecast to underspend by **£37k**. Activity levels are expected to increase now that the Safe and Well project has been fully implemented.
- 2.7 **Non-uniformed pay:** non-uniformed pay is expected to underspend by **£117k** due to vacancies (there were 15 vacant posts at the end of January).
- 2.8 **Provision for pay awards:** a provision of £183k was charged to revenue in 2017/18 as it had seemed likely that an additional pay award of 1% would be backdated to July 2017. The National Joint Council (NJC) have now confirmed a 2% pay award for 2018/19 and that there will be no additional amount backdated for 2017/18. The provision is therefore no longer required and has been written back to revenue.
- 2.9 **Car Tax Liabilities:** The Authority recently commissioned a tax review which has identified that some travel related expenses have been incorrectly treated for tax purposes. This has been corrected going forward. At its meeting on 28 September 2018 Fire Authority approved that the service would meet the tax liabilities previously incurred up to a maximum of £250k. **£225k** has been included in the forecast outturn figures to cover the liability.
- 2.10 **Redundancy and pension strain costs:** the forecast overspend is **£432k**. Members will be aware of the planned redundancies arising from the Joint Control Project, and as a result of the decision to close the Prince's Trust Programme. A provision for the cost of redundancies, notice pay and pension strain (known collectively as "termination benefits") totalling £682k has been created in 2018/19. £250k of this will be funded from the Organisational Transition earmarked reserve. This provision has been created in 2018/19 in order to comply with the relevant accounting standard relating to termination benefits.
- 2.11 **Pension costs:** the forecast underspend is **£108k**. Ill health retirement costs can be difficult to predict as they are dependent on the number of ill health retirements during the year, and costs for each retirement can vary greatly. The current forecast is based on one ill health retirement of an on-call firefighter. This budget will be monitored closely and any changes will be reported.
- 2.12 **Premises related costs:** the budgets for premises related costs are expected to overspend by **£87k**. Business Rates are expected to overspend by **£54k** due to backdated rating appeals not being expected to result in the reductions first anticipated. The gas and electricity budget are expected to overspend by **£59k** due to price increases but this has been offset slightly by reduced energy consumption over the summer. In addition, the insurance costs overall have come in lower than anticipated at budget time, this has resulted in an underspend of **£20k** on the premises insurance costs.
- 2.13 **Transport related costs:** the budgets for transport related costs are expected to overspend by **£46k**. Travel costs (e.g. mileage claims, car

allowances and public transport) are expected to underspend by **£57k**, due to a reduction in travel compared to previous years. Fuel is forecast to overspend by **£43k**. There have been some difficulties with the maintenance contract for which a temporary solution has been put into place. As a result of these issues with the maintenance contract, some services have been outsourced to a third party in order to maintain legal compliance. In addition, two vehicles have been damaged and repair costs are included in the expenditure pending the settlement of the insurance claims. This has resulted in an overall net overspend of **£69k** on the planned, unplanned and outsourced services. The contract is currently out to tender and the results will be known shortly.

- 2.14 **Supplies and services costs:** expenditure is forecast to be over budget by **£59k** which is a slight increase on that previously reported due to increased professional fees for work undertaken on the Joint Estates Strategy.
- 2.16 **Prince's Trust income:** there is a forecast deficit of £155k relating to the net cost of the Prince's Trust project for 2018/19. As previously reported, there have been ongoing issues with the Princes Trust project which has been struggling to attract sufficient numbers to make it cost efficient. The project was the subject of a separate report to Policy and Resources Committee in February where the decision was made to draw a close to the programme.
- 2.17 **Capital Financing Costs:** overall the capital financing budgets are forecast to underspend by £173k by the end of the financial year. This variance is comprised of two elements:
- **Interest charges:** underspend of **£103k**. The forecast is based on current loans and additional loans of £2m being taken out in December to replace a maturing £1.5m loan and to support current year capital expenditure. In addition, it is anticipated at this stage that additional short term loans could be taken out towards the end of March for cash flow purposes.
 - **Minimum Revenue Provision:** the budget for the minimum revenue provision (MRP) charge is expected to underspend by **£70k**. The budget for the MRP charge was calculated in the autumn of 2017 and was based on estimated capital expenditure for 2017/18 of £4,827k. The actual capital expenditure for the year was £4,060k due to slippage into 2018/19. In addition, the MRP calculation was realigned to finance the appliances over 20 years. This has resulted in an underspend for 2018/19.

RESERVES

- 2.18 Details of the use of reserve movement during 2018/19 can be found in Appendix B.
- 2.19 The current reserve position is attached at Appendix B. Expected levels of reserves at 31 March 2019 are £9.810m:

Reserves	Balance	Anticipated	Expected
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	01/04/18	Use 2018/19	Balance
	£'000	£'000	31/03/19
			£'000
Earmarked	4,919	(779)	4,140
General Fund	6,953	(1,377)	5,576
Total	11,872	(2,156)	9,716
ESMCP* Regional Reserve	237	(143)	94
Total	12,109	(2,299)	9,810

* Emergency Services Mobile Communications Programme

2.20 The General Reserve is expected to be £5.576m. This remains above the minimum level of £3.9m agreed by Fire Authority on 15 February 2019.

2.21 The Emergency Services Mobile Communications Programme (ESMCP) regional reserve has been shown separately to those reserves held by the Authority to reflect that the funds are to be allocated regionally and do not belong to NFRS. This further demonstrates the Authority's commitment to collaboration and regional working.

2.22 In order to simplify the coding of transactions and improve the management of earmarked reserve balances, it is proposed that the 29 earmarked reserves that are currently held by the Authority are grouped together into 9 larger "themed" earmarked reserves. A table showing the proposed changes can be found at Appendix C. Going forward reserves will be reported on using these summary groups.

CAPITAL PROGRAMME

2.23 The current approved 2018/19 capital programme is £3.2m. The total spend to date is £835k, the forecast out-turn expenditure is £1.2m and estimated slippage of £2,009k, the current capital programme is shown at Appendix D.

Transport

2.24 The Command Support Unit requires upgrading to allow it to perform in line with current operational procedures. Following a successful collaboration project with Derbyshire Fire and Rescue Service (DFRS) there is no longer a requirement to purchase a second command support vehicle. NFRS and DFRS have also successfully collaborated on the use of the HMEPU. This will still require replacement in 2018/19. After initial difficulties in securing a contract to build the body of this £150k vehicle it has now been completed and we expect delivery of the vehicle in May/June 2019.

2.25 A review of light vehicle utilisation has been undertaken. Further work is now underway to promote more effective use of the light vehicle fleet. Whilst orders were placed over 5 months ago, the vans from Renault will not arrive until after April 2019. The delivery date for the Kia is still to be confirmed 5 months after placing the order. Alternatives are now being considered due to the wait, but these are all electric vehicles and there is a high demand for

them at present and a small order such as this is not taken as priority by suppliers. Slippage will be required for these vehicles.

Equipment

- 2.26 Derbyshire Fire and Rescue Service have recently awarded a contract to the same BA supplier as NFRS and as a consequence, discussions have taken place about collaborating with DFRS over the procurement of the BA communications equipment. This will provide a saving of £15k-£20k for each FRS if we procure together. The breathing apparatus project of, £110k was slipped from 2017/18 and is expected to be completed in the 2019/20.
- 2.27 The drums and hose have now been delivered (£45k) and the conversion of hose reel equipment project can now commence.
- 2.28 CCTV in vehicles - this is a major project that, due to resourcing issues, will be delayed until 2019/20 and therefore the budget will be slipped.
- 2.29 The £180k procurement of the lightweight fire coats will be slipped into 2019/20. The project will be amalgamated with the structural PPE project and will be delivered in collaboration with DFRS. There is a six months' lead time on purchase of light weight jackets which has caused the delay in the project. The order for the jacket is expected to be placed by the end of March with delivery anticipated June 2019.

Estates

- 2.30 The new Newark Fire Station is now complete and operational. The building contractor is currently working on completion of a number of outstanding items; these are being dealt with through the contract. The demolition of what's left of the old fire station will be completed over the next three months subject to the tenders being received in February.
- 2.31 The disposal of the old fire station land will be the subject of an options report to the Finance and Resources Committee in the new financial year.
- 2.32 Work with the East Midlands Ambulance Service on the collaboration concerning the existing Hucknall Fire Station continues and the draft lease and agreement to lease are almost agreed and with our respective solicitors of the final terms and conditions.
- 2.33 The initial work for a new Worksop Fire Station is currently on hold. The due diligence has been carried out for the purchase of the land for the new site between our solicitors and the appointed professional team. As part of the due diligence searches it has been identified that there are no rights to lay services (water, sewage, gas etc) in the road to the site. The project has been temporarily paused due to ongoing negotiations for the rights to lay services to the site; these negotiations are being undertaken by the land owner and owner of the adjacent business park. It is anticipated that once the rights have been granted to the site NFRS can then purchase the land and proceed with the project.

- 2.34 The business case for the proposed Joint Headquarters between Nottinghamshire Police and NFRS was presented to the Fire Authority on 15th February where it was agreed to proceed with the recommendations of the report.

ICT

- 2.35 Mobile Computing – this budget is financing a variety of projects and equipment purchases relating to the growing use of mobile computing across the Service. All work scheduled for 2018-19 has been completed.
- 2.36 Business Process Automation – this budget has been used to finance ICT Strategic developments, most notably small digital transformation projects related to the implementation of the new Microsoft SharePoint workflows. All work scheduled for 2018-19 has been completed.
- 2.37 Performance Management – the Performance Management Framework is scheduled to be completed at the end of the 2018-19 Financial Year.
- 2.38 ICT SharePoint Internet/Intranet – this budget will be used to finance the final phase of the ICT SharePoint Strategy, which will involve the implementation of a new Microsoft SharePoint document management solution and the digitisation of current manual business process using SharePoint workflows. Work is scheduled to continue into Financial Year 2019-20 with a project end-date of January 2020.
- 2.39 The HQ Core Switch Upgrade project has placed on-hold after reviewing the long-term needs of the Service in relation to IT networking at HQ. No expenditure will be recorded during the Financial Year 2019-20; however, network architecture will be required during the 2019-20 Financial Year to support the Joint HQ project.
- 2.40 Community Fire Safety - Innovation Fund has been used to purchase a sophisticated data matching, cleansing and geocoding solution to improve the accuracy of address data used throughout the Service. All work scheduled for 2018-19 has been completed.
- 2.41 The ICT Capital Programme - Replacement Equipment is being utilised to maintain the current ICT infrastructure throughout the financial year. All work scheduled for 2018-19 has been completed.
- 2.42 The Tri-service project – it is anticipated that the cost relating to this project will be system maintenance cost which would be funded from the revenue budget. Following the decision by Fire Authority on the joint control room, the Tri-Service contract with Systel will be reviewed to determine future requirements, requiring the budget for the Tri Control Project to be slipped into 2019/20.
- 2.43 The Finance Agresso upgrade was due to commence during 2018/19 however due to regional timescales and priorities the project has been delayed. The project is now expected to commence in June 2019 and completed by Oct 2019, therefore the budget will be slipped to 2019/20.

3. FINANCIAL IMPLICATIONS

The financial implications are set out in the body of the report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising directly from this report. Some of the efficiency targets will have had staffing implications which were considered as part of the decision making process at the time.

5. EQUALITY IMPLICATIONS

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service. Its purpose is to explain variances to the approved budget, which reflects existing policies.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising directly from this report.

8. RISK MANAGEMENT IMPLICATIONS

Budget monitoring and the regular receipt of financial reports is key to managing one of the most significant risks to the organisation, that of financial risk. The process of budget monitoring is a key risk management control measure as are the management actions which are stimulated by such reporting.

9. COLLABORATION IMPLICATIONS

This report identifies several areas where collaboration is taking place between NFRS, other fire authorities, East Midland Ambulance Service and Nottinghamshire Constabulary. Opportunities for collaboration around asset use and ownership are continually being investigated.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Note the contents of this report;
- 10.2 Approve the proposed changes to earmarked reserves which are set out in Paragraph 2.22 and Appendix C.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER

Revenue Budget Monitoring Position as at 31 January 2019

Budget Area	Annual Budget £'000	Revised Budget £'000	Exp to Date £'000	Forecast Outturn £'000	Variance against Revised budget £'000
Employees	33,577	34,367	28,278	34,606	239
Premises	2,367	2,412	2,271	2,499	87
Transport	1,747	1,762	1,778	1,808	46
Supplies & Services	3,407	3,576	3,352	3,440	(136)
Third Party	58	63	38	58	(5)
Support Services	168	179	232	167	(12)
Capital Financing Costs	2,430	2,496	1,888	2,323	(173)
Fees and Charges	(210)	(206)	(289)	(299)	(93)
Other Income	(1,317)	(1,500)	(1,488)	(1,520)	(20)
Net Cost	42,227	43,149	36,060	43,082	(67)
Financed by:					
RSG	(5,962)	(5,962)	(5,238)	(5,962)	0
Non Domestic Rates	(10,585)	(10,585)	(8,741)	(10,585)	0
Council Tax	(24,236)	(24,236)	(19,389)	(24,236)	0
Reserves	(1,444)	(1,444)	0	(1,377)	67
Earmarked Reserves	0	(922)	0	(922)	0
Funding Total	(42,227)	(43,149)	(33,368)	(43,082)	67
(Under) / Over Spend	0	0	2,692	0	0

APPENDIX B

Anticipated Use of Reserves up to January 2019				
	Balance at 31 March 2018	Revenue Expenditure up to January 2019	Committed Expenditure up to 31 March 2019	Estimated Balance
Funded by Grants	£000	£000	£000	£000
LPSA Reward Grant	(126)	63		(63)
Fire Investigation	(72)	48		(24)
Safe as Houses - Smoke Alarms	(22)	3		(19)
Community Fire Safety - Innovation Fund	(194)	36	(1)	(159)
Resilience Crewing and Training	(382)	48	(2)	(336)
New Threats / MTFA	(22)			(22)
Thoresby Estate Charitable Trust	(3)			(3)
SubTotal	(821)	198	(3)	(626)
	Balance at 31 March 2018	Revenue Expenditure up to January 2019	Committed Expenditure up to 31 March 2019	Estimated Balance
	£000	£000	£000	£000
Earmarked Reserves				
Pensions - Ill Health	(209)			(209)
Pensions - General	(100)			(100)
Fire Safety - On Fire Fund	(75)		4	(71)
Business Systems Development	(60)			(60)
ICT Sharepoint / Internet / Intranet	(62)		62	0
Operational Equipment	(10)			(10)
Capital Reserve	(1,114)	36	7	(1,071)
Organisational Transition - One-off Costs	(849)	93	282	(474)
Backlog Buildings Maintenance	(95)		95	0
Duke of Edinburgh	(23)			(23)
Tri Service Control Project Phase 2	(258)		4	(254)
HEP B Vaccinations	(21)			(21)
Taxation Compliance	(10)			(10)
Retained Policy Change	(212)			(212)
Communications Development – ESN -1276	(192)			(192)

	Balance at 31 March 2018	Revenue Expenditure up to January 2019	Committed Expenditure up to 31 March 2019	Estimated Balance
	£'000	£'000	£'000	£'000
System Security PSN Work -1272	(266)			(266)
System Airwave ESN Transition 1277	(173)			(173)
Emergency Services Network – RAP Work – 1273	(348)			(348)
ESN Control Room ICT -1275	(20)			(20)
Sub Total	(4,097)	129	454	(3,514)
ESN Regional Reserves				
ESN Regional Balance - 1274	(221)	76	67	(78)
Emergency Services Mobile Communications Programme - 1280	(16)			(16)
Sub Total	(237)	76	67	(94)
Total	(5,156)	403	518	(4,234)

APPENDIX C

Current Earmarked Reserve	Grouped Earmarked Reserve
Fire Safety - On Fire Fund Duke of Edinburgh LPSA Reward Grant Fire Investigation Safe as Houses - Smoke Alarms Community Fire Safety - Innovation Fund Thoresby Estate Charitable Trust Public Health England - Safe and Well	Prevention, Protection and Partnership
Resilience Crewing and Training New Threats / MTFAs	Resilience
Capital Reserve	Capital
Organisational Transition - One-off Costs	Transition
Backlog Buildings Maintenance	Estates
Business Systems Development Emergency Services Mobile Communications Programme ICT SharePoint / Internet / Intranet Communications Development - ESN ESN Balance ESN Control Room ICT Emergency Services Network - RAP Work System Security PSN Work System Airwave ESN Transition	ICT
Operational Equipment Tri Service Control Project Phase 2 Retained Policy Change	Operational
Pensions - Ill Health Pensions - General	Pension
HEP B Vaccinations Taxation Compliance	Other

CAPITAL BUDGET MONITORING REPORT FOR JANUARY 2019

CAPITAL PROGRAMME	2018/19 Approved Budget £000's	Slippage from 2017/18 £000's	2018/19 Revised Budget £000's	Actual to January £000's	Remaining Budget to be Spent £000's	Estimated Outturn £000's	Outturn Variance £000's
TRANSPORT							
Special Appliances		150	150		-150		-150
Light Vehicle Replacement	197	25	222	37	-185	37	-185
	197	175	372	37	-335	37	-335
EQUIPMENT							
Special Appliances Equipment (Holmatro)							
BA Sets		110	110	-3	-113		-110
Conversion of hose reel equipment	200		200	0	-200	50	-150
CCTV - vehicles	200		200		-200		-200
Lightweight Fire Coat		180	180		-180		-180
	400	290	690	-3	-693	50	-640
ESTATES							
Refurbishment and Rebuilding Fire Stations	0	126	126		-126		-126
Central Fire Station				10	10	10	10
Newark Fire Station	707		707	426	-281	600	-107
Hucknall Fire Station		380	380	17	-363	35	-345
Worksop Fire Station	240	0	240	69	-171	70	-170
Retention Payments	0						
	947	506	1,453	522	-931	715	-738
I.T. & COMMUNICATIONS							
ICT Capital Programme - Replacement Equipment	140		140	37	-103	115	-25
Mobile Computing	20		20	20		20	
SharePoint Development	150		150	103	-47	105	-45
HQ Core Switch Upgrade	30		30		-30		-30

Business Process Automation		49	49	38	-11	49	
Performance Management System		67	67	57	-10	67	
Community Fire Safety - Innovation Fund				2	2	6	6
	340	116	456	256	-200	362	-94
CONTROL							
Emergency Services Mobile Communications	41		41	10	-31	41	
Tri-Service Control & Mobilising System	0	171	171		-171		-171
	41	171	212	10	-202	41	-171
FINANCE							
Payroll System Replacement				14	14	14	14
Finance Agresso Upgrade	30	15	45		-45		-45
	30	15	45	14	-31	14	-31
Grand Total	1,954	1,273	3,227	835	-2,392	1,219	-2,009

	Actual August 2018 £000's	Estimated Outturn £000's
To Be Financed By :		
Capital Grant - General		
Capital Grant - TriService Control		
Emergency Services Mobile Communications - Earmarked Reserve	10	41
ICT SharePoint Internet/Intranet - Earmarked Reserve	62	62
Community Fire Safety - Innovation Fund	2	6
Capital Receipts - Property		300
Capital Receipts - Vehicles	-100	49
New Borrowing	860	760
Internal Financing		
Revenue contributions to capital	1	1
Total	835	1,219

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NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

INTERNAL AUDIT REPORT 2018/19 UPDATE

Report of the Chief Fire Officer

Date: 29 March 2019

Purpose of Report:

To bring to the attention of Members the outcome of reports commissioned by Nottinghamshire Fire and Rescue Service, prepared by the Authority's Internal Auditors

CONTACT OFFICER

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1. BACKGROUND

- 1.1 Nottinghamshire County Council has provided an Internal Audit service to the Fire and Rescue Authority since its formation in 1998. The service is provided under a Service Level Agreement with Nottinghamshire County Council and requires the Auditors to operate within the Public Sector Internal Audit Standards set down by the Chartered Institute of Public Finance and Accountancy (CIPFA). Operating to these standards will ensure that the Authority meets its obligations under statute.
- 1.2 The Finance and Resources Committee has in the past received an annual Internal Auditor's report, including reports on all the completed audits during the year in accordance with its role as an Audit Committee. At its meeting on 29 June 2018 Finance and Resource Committee requested that completed audit reports be brought before the Committee on a rolling basis rather than in a single report at the end of the year.
- 1.3 This report includes the four reports that have been completed to date during 2018/19.

2. REPORT

- 2.1 The responsibility for ensuring effective internal audit functions rests with the Authority Treasurer as part of their Section 112 obligations.
- 2.2 The Authority views Internal Audit as an integral part of the corporate governance framework, particularly in so far as it relates to the system of Internal Control. Whilst it is acknowledged that Internal Control is a managerial responsibility, it is considered that Internal Audit can provide managers with independent assurance that the system is working effectively and draw any deficiencies in the system to the attention of managers and elected members.
- 2.3 There are regular reviews of audit plans and progress by senior managers and the audit team to monitor the work being carried out.

AUDIT COVERAGE TO THE END OF FEBRUARY 2019

- 2.4 Eight audits were planned for completion in 2018/19 with two brought forward from 2017/18. In addition, the Cardiff Check from the selection process in 2017/18 has been finalised in 2018/19.
- 2.5 Four final reports were issued up to February 2019:
 - Cardiff Checks from the selection process in 2017/18 – Appendix A;
 - Members' and Officers' Allowances – Appendix B;
 - Project Management Audit relating to 2017/18 – Appendix C; and
 - Purchasing and Creditor Payment – Appendix D.

CARDIFF CHECKS

- 2.6 Members will be aware that as part of their audit programme the Internal Auditors carry out a “Cardiff Checks” audit each year.
- 2.7 The audit is effectively a “cradle to grave” audit of all aspects of procurement and finance relating to a small number of invoices selected as a random sample by members of the Finance and Resources Committee. There are no major areas of concern.

AUDIT ASSURANCE

- 2.8 The three completed audits provided a judgement Reasonable Assurance, meaning that risk levels are acceptable. The audit reports include several recommendations which have been agreed with officers. All audit reports are reviewed by the Executive Delivery Team who also receive a follow up report on progress against High and Medium priority recommendations. Follow up reviews are also undertaken by Internal Audit to ensure that recommendations have been progressed.

UPDATE ON AUDIT PROGRAMME

- 2.9 Draft reports have been issued in respect of the RedKite audit. The audits of Prince’s Trust and Pensions are substantially complete, with the draft reports due to be issued by the end of the year.
- 2.10 The remaining audits – Financial Management and Corporate Governance now in progress with the engagement letter agreed.
- 2.11 The Contract Management audit is due to start in March 2019.
- 2.12 The human resources policies audit is been slipped to 2019/20 and the 2018/19 Cardiff Checks audit has not yet been undertaken.
- 2.13 The audit programme will be reviewed at the next meeting of the Finance and Resources Committee.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report, although the internal audit process does form part of the Authority’s assurance that value for money and assurance that effective accounting arrangements are in place.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising from this report.

5. EQUALITIES IMPLICATIONS

There are no equalities implications arising from this report.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

Internal Audit forms part of the wider system of internal control which deals entirely with the Authority's exposure to financial, and to some extent non-financial risk. Presenting the reports to the Authority enables Members to see the work of internal audit and the contribution that they make to the overall system of internal control.

9. COLLABORATION IMPLICATIONS

The Internal Audit service is provided by Nottinghamshire County Council. There may be opportunities for further collaborative procurement of Internal Audit services in the future.

10. RECOMMENDATIONS

That Members note the contents of this report.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER

FIRE & RESCUE SERVICE - CARDIFF CHECKS - 2017/18 SELECTION

Invoice 1 Nottinghamshire County Council – Pest Control

1. Invoice Information

- 1.1 A payment was made to Nottinghamshire County Council - Invoice No 92002059. This payment was in respect of pest control provision throughout the Service's estate for the months of April and May 2017 and was for £1,012.32 (£843.60 plus VAT).
- 1.2 The invoice matched the amount of the goods received note on the finance system and was automatically approved for payment.
- 1.3 The invoice was paid in May 2017 and each element of cost was coded to a relevant account code.

2. Summary of Findings

- 2.1 An order was raised on the system at the start of the financial year covering the service provision per establishment for the whole year. The order had a total value of £5,062 plus VAT. Invoices were normally received from Nottinghamshire County Council on a monthly basis, however in this instance, the invoice was for two months.
- 2.2 The provision of the pest control service is part of a larger cleaning and ground maintenance contact, this was awarded to the supplier following an OJEU tender process in 2016, with a start date of April 2017. The contract is for 3 years + 2.
- 2.3 There is evidence within the workflow documents of appropriate authorisation of requisitions and invoices.

3. Recommendations

- 3.1 None.

4. Response of the Chief Fire Officer

- 4.1 No response required.

FIRE & RESCUE SERVICE - CARDIFF CHECKS - 2017/18

Invoice 2 Nottingham City Council – Fleet Maintenance

1. Invoice Information

- 1.1 Invoice number 851587956 from Nottingham City Council, was for scheduled vehicle maintenance agreed during the weekly Maintenance Meeting on 19th October 2016 for £10,062.69 plus VAT, totalling £12,075.23. The annual contract for 2016-17 for planned maintenance was £350,000.
- 1.2 The invoice matched the amount of the goods received note on the finance system and was automatically approved for payment.
- 1.3 The invoice was paid in November 2016 and each element of cost was coded to a relevant account code.

2. Summary of Findings

- 2.1 Planned and unplanned maintenance of the brigade's vehicles and associated equipment is provided by Nottingham City Council. The contract was tendered in 2012 using the former Office of Government Commerce Competitive Dialogue Procedure. The contract was initially let for 4 years, with an option to extend a further 3 years. However, we were unable to confirm that a value for money review was carried out prior to extending the contract. We are advised by the Fleet Manager that new competitors have entered the market and the contract is currently being re-tendered for 2019.
- 2.2 Fleet maintenance invoices are received weekly and based on completed scheduled work agreed at the weekly Maintenance Meeting. The prices are per the agreed schedule. The invoice was dated 21th October 2016 and related to scheduled works agreed at the weekly Maintenance Meeting on 19th October 2016.
- 2.3 An annual order for the service provision during the year was issued in April 2016 and approved by the Senior Accountant.
- 2.4 Maintenance worksheets are checked against work schedules and signed off by the Fleet Maintenance Manager. Detail entered onto the Tranman system is verified to the work schedules. When invoices are received they are compared to this data and entered onto Agresso. If the invoice matches the goods received the invoice is automatically paid.
- 2.5 During the latter years of operation, new providers have entered the market, however, provision has remained with Nottingham City Council. Value for money may be in doubt if the Service ties itself to a contract for too long a period while there is a competitive market to take advantage of.

3. Recommendation

- 3.1 For future contracts, consideration should be given to the length of the contract term. To ensure best value can be maintained we would recommend consideration of an initial term of 3 years, followed by two extension options of 2 years each at which points the contract terms should be reviewed and confirmed as still providing best value.

4. Response of the Chief Fire Officer

- 4.1 The tender process commenced July 2018 and the invitation to tender along with the prequalifying questionnaire has already been issued through in-Tend. The information provided indicates a contract of ten years broken down into 5 Years, 3 years and 2 years. This was considered at the time to be the most viable option as the prices will be fixed for the first 5 years, this will be linked to the same formula as the previous contract. In addition, there is an option to retender after 5 years should the market dictate.

FIRE & RESCUE SERVICE - CARDIFF CHECKS - 2017/18

Invoice 3 Airwaves Solutions Ltd

1. Invoice Information

- 1.1 Invoice number 0940000034-073 from Airwaves Solutions Ltd for £1,728.27 plus VAT, totalling £2,073.92 can be split into two areas.
- 1.2 The first part relates to recurring service charges totalling £1,203.21 plus VAT, totalling £1,443.85, for additional units installed.
- 1.3 The second part, £526.06 plus VAT, totalling £630.07, relates to one-off charges for two radio removals.
- 1.4 The invoice was paid in October 2016 and each element of cost was coded to a relevant account code.

2. Summary of Findings

- 2.1 The Government has a contract with Airwave Solutions to supply a radio network and managed service. The service receives funding from the Government for this contract. There is no option for the Fire and Rescue Service to use an alternative provider as Airwave Solutions is the sole provider of the current radio solution across the Fire network. The service is managed through the Government's Firelink contract.
- 2.2 The Service had a set number of radios at the start of the Firelink contract and any additional requirements such as a growing fleet or replacements attract additional charges.
- 2.3 The removal of radios from vehicles also incurs a cost. Airwaves are also the sole provider for removal and have their own contractors to carry out this work.
- 2.4 The annual budget for the Firelink contract (recurring charges) is in the region of £537,000 and removal costs are met by the fleet maintenance budget.
- 2.4 There is evidence within the workflow documents of appropriate authorisation of requisitions and invoices.

3. Recommendation

- 3.1 None.

4. Response of the Chief Fire Officer

- 4.1 No response required.

To: Chief Fire Officer

Subject: NFRS Members' and Officers' Allowances

Date: January 2019

1 Introduction

- 1.1 This report sets out the findings and recommendations arising from a recent review of NFRS members' and officers' allowances and the effective authorisation and payment of allowances and expenses to members, uniformed officers and staff.
- 1.2 The objectives of the system are to make appropriate payments, in accordance with an approved scheme, to elected members for the performance of their legitimate duties, and to pay travel and other expenses to uniformed officers and staff. This audit was concerned with the mechanisms involved in administering these payments and ascertaining whether the system for claiming expenses was robust.

2 Audit opinion

- 2.1 In the areas examined, we assessed the controls to determine to what extent the risks are being mitigated.
- 2.2 In our opinion the level of assurance we can provide is: -



REASONABLE ASSURANCE Risk levels are acceptable

3 Risk areas examined

- 3.1 During this audit we looked for controls to address the following key risks: -

<i>Risk title</i>	<i>Description</i>
Rules and Guidance	A lack of clear and compliant rules /guidance may result in inappropriate claims or payments being made.

<i>Risk title</i>	<i>Description</i>
Payment Authorisation	Payments may be made to Members and Officers without appropriate authorisation.
Transparency	Payments made to members may not be transparent.
Insurance, MOT and Driving Licence Checks	Officers using their vehicle for business use may not have business use insurance or a valid MOT. The Fire Authority may be held liable for staff who are banned from driving or do not have adequate insurance.

3.2 The scale of the area reviewed is: -

<i>Metric</i>	<i>2017/18 Budget £</i>	<i>2017/18 Actual £</i>
<i>Casual Mileage Expenses</i>	246,681	118,868
<i>Essential User Mileage</i>	0	104,922
<i>Detachment Mileage</i>	15,853	45,830
<i>Essential Car Allowance</i>	46,720	45,484
<i>Travel – Home to Base</i>	40,175	33,905
<i>Member’s Allowances</i>	120,293	126,036

4 Audit findings

4.1 Following our work and with reference to the other sources of independent assurance that were available¹², we consider the controls to be effective in the following risk areas: -

- **Rules and Guidance:** The Fire Service has recognised that there is a need for change and there are issues regarding the ongoing administration and taxable status of some expenses and allowances for uniformed officers and staff. The Head of Finance is currently working to create a new expenses policy.
- **Payment Authorisation:** There are adequate separation of duties regarding the scrutiny and inputting of claims in the Payroll Department. Claim forms are stored in a secure area. The vast majority of claims are submitted in a timely manner.
- **Transparency:** Members’ allowance payments are published annually on the Fire Service’s website.
- **Driver Licence Endorsements / Business Insurance Checks:** The Fire Service uses a third party agency to verify driver licences and whether there are any endorsements. The Fire Service aims to validate the licence of each service vehicle driver up-to four times per annum.
- **Flexi-Duty Officers and Essential Car Users** who may be required to respond to incidents under blue-lights using their own private vehicle, are required to provide business class insurance and their insurer’s written confirmation that they have agreed to that vehicle/individual being potentially

¹ Third Party Taxation Advisory Review issued to NFRS, April 2018

² Report of the Independent Remuneration Panel, June 2017

used for that circumstance.

4.2 There were some control weaknesses and some failures to comply with the standard controls, resulting in remaining risks. The attached Action Plan sets out these weaknesses, and our recommendations to address them.

4.3 A summary of the recommendations made, together with a brief summary of the priority 1 and 2 areas, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	2	Immediate
Priority 2	3	Within two months

Priority 1 areas:

- **Expenses Policy - Staff and Uniformed Personnel:** The Fire Authority does not currently have a policy for mileage and allowances, resulting in many rules on expenses, particularly around travel policy, being derived from many years of historical custom and practice. (Action Plan 1).
- **Expenses Form - Format(s) and Claims Scrutiny:** The current format of expense claim forms is out of date and provides insufficient information describing the exact journey (postcode to postcode), which creates difficulty for both the approver and staff in the Payroll Department to fully scrutinise the expense claim. (Action Plan 2).

Priority 2 areas:

- **Members' Allowances Scheme:** The Members' Allowances Scheme (2007) is out of date and does not reflect suggested changes to the scheme by the Independent Remuneration Panel in 2017. (Action Plan 3).
- **VAT in Fuel:** The VAT element in petrol/diesel is not reclaimed resulting in a loss of income to the Fire Authority. (Action Plan 4).
- **Budget Monitoring - Virement:** Budgets for mileage related expenses are incorrectly apportioned following the implementation of the new pay module, resulting in some large variance in budget against actual expenditure. (Action Plan 5).

**Audit conducted by: Tom Pearson
Senior Auditor
Audit supervised by: Angela Wendels
Senior Auditor**

Rob Disney, Head of Internal Audit

Audit Finding	Recommendation	Management Response
Priority 1 areas (Essential for effective internal control, must implement recommendations to improve existing control arrangements)		
<p>1. Expenses Policy - Staff and Uniformed Personnel</p> <p>The Fire Service has guidance dated 2015-16 in the form of a Statement of Pay Policy, which, at section 3.7 outlines the types of allowances and expenses that may be claimed or reimbursed to staff. This was updated during the audit and a 2018-19 Statement of Pay Policy published. There are however no detailed policies for uniformed officers or non-uniformed officers (staff) supporting this over-arching guidance. Many rules on expenses policy, particularly around travel policy, have derived from many years of historical custom and practice and are not consistently applied.</p> <p>We recognise the Fire Service is now attempting to address this through their own scrutiny and the development of a new policy. Development of a new series processes/techniques in support of this change may be required.</p> <p>Risk: <i>Without change, custom and practice will continue and inconsistencies will remain.</i></p>	<p>A change management process should be considered to re-align custom and practice around the revised guidance.</p>	<p>Response</p> <p>A new travel and expenses guidance document is in the process of being written. It will require 28 days consultation and should be operational by the start of the new financial year.</p> <p>Date for implementation April 2019</p> <p>Officer responsible for implementation Head of Finance</p>

Audit Finding	Recommendation	Management Response
<p>2. Expenses Form – Format and Claims Scrutiny</p> <p>The Fire Service uses paper based forms for all staff on its payroll to submit their expenses claims. The format of these forms has been in use, and has remained largely unchanged, for many years. Several formats are currently in use across the service.</p> <p>All claims must be authorised by an appropriate approver (typically the claimant's line manager) whose authorisation indicates that the expenses have been correctly and necessarily incurred on legitimate Fire Service activities. Staff in the Payroll Department are responsible for ensuring that claims have been appropriately certified for payment and calculated at the correct rates.</p> <p>The current format of these forms is less than desirable in that there is often insufficient information describing the exact journey (postcode to postcode), which creates difficulty for the both the approver and staff in the Payroll Department to fully scrutinise the expense claim. One such example is Home to Office claims.</p> <p>Risk: <i>Transparency is lacking in claims submitted which hinders in depth scrutiny checks.</i></p>	<p>The format of the Fire Service expense forms should be re-developed, or should align with system based processes if paper based forms are to become redundant.</p> <p>Forms or templates should be designed to provide the information required to verify the claim and to comply with the requirements of the Inland Revenue in respect of taxation of expenses and other allowances.</p> <p>The use of FAQ guidance should be issued to help with the transition and help act as a rule-book going forward.</p>	<p>Response Revised forms are being developed as part of the travel policy (see response to audit finding 1).</p> <p>Date for implementation April 2019</p> <p>Officer responsible for implementation Payroll Manager</p>

Audit Finding	Recommendation	Management Response
Priority 2 areas (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p>3. Members' Allowances Scheme</p> <p>Under the Local Authorities (Members' Allowances) (England) Regulations 2003, a Members' Allowances Scheme (MAS) is required to take account of recommendations from the Independent Remuneration Panel (IRP) covering a number of specified items. The MAS was last updated in 2007.</p> <p>At the July 2017 Policy and Strategy Committee of the Nottinghamshire and City of Nottingham Fire and Rescue Authority, it was resolved to adopt the findings of a Report by an IRP for Members' allowances and annual uplift arrangements and this was approved at the Fire Authority Committee in September 2017. The IRP made a recommendation that the level of allowances should be index-linked each year, however, indexation is not mentioned in the MAS.</p> <p>It is also noted that the IRP report made reference to the fact that Members of the Fire Authority are not entitled to any payment in respect of pensions, although this is not expressed within the MAS.</p> <p>Members' Allowances for the three Years 2015-16 to 2017-18 have been published on the Transparency section of NFRS' website, with the 2017-18 document reflecting these uplifts. The MAS Policy Document is however not available on NFRS's website.</p> <p>Risk: <i>Policy regarding Members' Allowances is not unambiguously transparent.</i></p>	<p>To take account of the IRP recommendations the MAS Policy document should be updated to set out the basis of remuneration uplift on an annual basis.</p> <p>This, and any other changes to bring the policy up-to date from the last review in 2007, should be ratified by the NFRS Finance and Resources Committee. This document should then be made available on the Fire Service's website.</p>	<p>Response</p> <p>The revised Members Allowances will be approved at February Fire Authority and the Policy document will be uploaded on the website after this meeting.</p> <p>Date for implementation 28 February 2019</p> <p>Officer responsible for implementation Head of Finance</p>

Audit Finding	Recommendation	Management Response
<p>4. VAT in Fuel</p> <p>The MAS requires that proper VAT receipts are provided for expenses including parking fees in order for the Authority to validate claims and to reclaim VAT. Members should keep these, wherever possible, and attach them to claim forms.</p> <p>In accordance with HMRC guidance the VAT element of petrol/diesel (fuel) may be reimbursed if VAT receipts are obtained for the fuel element of business mileage. However, fuel receipts are not requested for Members or Officers so the VAT element is not reclaimed.</p> <p>According to HMRC guidance and based upon the 2017-18 mileage expenses totalling £304k, (average payment of 45 pence per mile), the amount of VAT claimable would have been in the region of £13,500.</p> <p>Risk: <i>Where the VAT in fuel is not reclaimed, income may be forgone.</i></p>	<p>The Fire Service should carry out accurate calculations based upon HMRC guidance and consider the cost benefit of reclaiming the VAT element in fuel.</p> <p>This would also require fuel receipts to be scanned and uploaded to the expenses module in iTrent by claimants once the expenses module goes live. Meanwhile, hard copies of receipts could be submitted with mileage claims to allow the VAT to be reclaimed promptly.</p>	<p>Response</p> <p>This recommendation will be given consideration. However, a technical solution in iTrent will need to be procured as at present it does not have the facility to administer this function. The technical solution will also need to consider downloading information into Agresso from which the VAT return is completed. The amount being reclaimed will also be dependent on staff submitting fuel receipts, so the full £13k is unlikely to be achievable. For these reasons it may not be cost effective to implement this recommendation.</p> <p>Date for implementation A review will be undertaken by April 2019</p> <p>Officer responsible for implementation Head of Finance</p>

Audit Finding	Recommendation	Management Response
<p>5. Budget Monitoring - Virement</p> <p>A breakdown of the relevant 2017-18 account codes for vehicle related mileage showed limited variance on an aggregated basis with an actual spend of £349k versus budgeted expectation of £349.6k. However a further breakdown of three elements showed:</p> <ul style="list-style-type: none"> • Casual Mileage Variance – c. £127.8k Positive (actual less than budget) • Essential Mileage Variance - c. £109.9k Negative (actual more than budget) • Detachments Mileage Variance – c. £30k Negative (actual more than budget) <p>We were advised this was due to the coding of travel expenses changing when the Fire Service moved from the SAP payroll system to iTrent. The apportionment of the 2017/18 budget may have been based on the old coding system without a virement completed to transfer the budget elements to the correct codes</p> <p>Risk: <i>Monitoring of the component elements of the budget for travel expenses becomes more complicated than it needs to be.</i></p>	<p>Virements should be completed to re-apportion the travel budget more realistically between its constituent elements.</p>	<p>Response Reporting travel would always be at the higher level and as a consequence this would have little impact. However, the budgets have already been realigned as part of the 2018/19 budget process.</p> <p>Date for implementation Completed</p> <p>Officer responsible for implementation Head of Accountancy</p>

To: Chief Fire Officer

Subject: NFRS Project Management

Date: October 2018

5 Introduction

- 1.1 This report sets out the findings and recommendations arising from a recent review of the arrangements for NFRS project management. The objective of the audit was to ensure there is an effective framework in place and procedures are followed.
- 1.2 We assessed the adequacy and effectiveness of control measures in relation to project management activities. In 2016 the Fire Service introduced new project management policies based on Prince 2 philosophies. SharePoint is used to host the suite of project management guidance and templates and record key documentation for each project. Testing was focused on these project management standards and the procedures followed by the Fire Service.

6 Audit opinion

- 6.1 In the areas examined, we assessed the controls to determine to what extent the risks are being mitigated.
- 6.2 In our opinion the level of assurance we can provide is:



REASONABLE ASSURANCE Risk levels are acceptable

7 Risk areas examined

- 7.1 During this audit we looked for controls to address the following key risks: -

<i>Risk title</i>	<i>Description</i>
Project Management Documentation Guidance	A lack of understanding or adherence to NFRS project management guidance at the outset may lead to risks not being identified.
Application of Project Management	NFRS project management guidance not effectively applied may lead to projects not being effectively

<i>Risk title</i>	<i>Description</i>
Guidance	scoped with consequent impact on project costs/benefits, resourcing, funding and time-scales.
Project Management Reporting	Ineffective project management reporting procedures may lead to performance issues, time-scale drift and lack of control over service delivery.
Forward and/or Contingency Planning Arrangements	Ineffective forward or contingency planning may encounter risks around income streams, funding and compliance with insurance requirements.
Issues Resolution and Performance Evaluation	Ineffective issues resolution may lead to issues logs not being closed off and delays in performance evaluation / lessons learned.

7.2 In FY17/18, 13 projects were brought forward as still in progress at 1 April 2017 and a further 19 projects begun throughout the year. Of these, 21 projects had closed by 31 March 2018. The combined budgeted cost of all these projects was £465,538³.

8 Audit findings

8.1 Following our work we consider the controls to be effective in the following risk areas: -

- Project Management Guidance - The guidance was comprehensively revised in 2016 following Prince 2 project management principles, which outlines the various phases of a project and best practice approach which is aimed to guide staff through a logical, systematic and rigorous process. The guidance works alongside other written procedures for commencement, delivery and closure of a project.
- Application of Project Management Guidance - Well developed processes are in place with the Executive Delivery Team (EDT) and Senior Leadership Team (SLT) to support agile decision making and project direction, including the provision of monthly highlight reports from the dedicated programme / project office.
- Project Management Reporting - Reporting procedures have been established and are operating effectively. The monthly highlight reports provided to EDT provide details of project status and a red, amber, green (RAG) status to highlight any potential issues that may need to be addressed.

The Fire Service have a formal policy for collaboration projects and arrangements, enabling it to share or reduce project costs.

- Forward and/or Contingency Planning Arrangements – There are procedures established for Project Boards to review performance of the project at each stage, together with a procedure for escalating problems to them through the use of exception logs.
- Issues Resolution and Performance Evaluation - there is evidence of project closure reports being submitted to EDT prior to formal closure and to consider success factors and lessons learned.

³ Figures provided by NFRS

8.2 There were some control weaknesses and some failures to comply with the standard controls resulting in the remaining risks. The attached Action Plan sets out these weaknesses and our recommendations to address them.

8.3 A summary of the recommendations made, together with a brief summary of the Priority 1 and Priority 2 areas is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	2	Immediate
Priority 2	5	Within two months

Priority 1 areas

- Documentation regarding submission of business cases and project initiation documents (PIDs) to EDT was found to be inadequate, as was documentation around core decisions capture. (Action Plan 1).
- Evidence of cost tracking and clear audit trails around project costs is inadequate making it difficult to monitor project spend accurately. Opportunity costs could be evaluated further and related to greater incisiveness when assessing and documenting Benefits Statements and Closure Reports (Action Plan 2).

Priority 2 areas:

- Project management guidance, whilst comprehensive, could be supplemented with a more concise aide mémoire summary of key points. (Action Plan 3).
- EDT and SLT Terms of Reference are still in draft format. (Action Plan 4)
- Staff may deliver projects outside of their core responsibilities without the requisite knowledge and skills needed for effective and compliant execution. (Action Plan 5).
- The requirement for Risk, Quality, Configuration and Communication management statements, and use of standardised templates were not being used in the manner envisaged by Guidance Document 2120 (Project Initiation Process) or being captured fully in the PID. (Action Plan 6).
- Difficulties were identified in capturing core work-flow decisions and Project Board minutes were also not always in evidence. A key-person dependency was identified. (Action Plan 7).

**Audit conducted by: Tom Pearson
Senior Auditor
Audit supervised by: Angela Wendels
Senior Auditor**

Rob Disney, Head of Internal Audit

Audit Finding	Recommendation	Management Response
Priority 1 areas (Essential for effective internal control, must implement recommendations to improve existing control arrangements)		

<p>1. Business Cases and PIDs</p> <p>We examined a sample of four recent projects across a variety of areas.</p> <p>Two projects, SkyPe and Cohort, had started under the preceding policy, which required them to be submitted to the Corporate Management Board (CMB) for approval. For Cohort, no signed work proposal could be evidenced but for SkyPe, the decision to proceed derived from the ICT Strategy and pre-dated the requirement for a business case. Its work proposal, but not Cohort's, had been 'risk-rated'.</p> <p>For Cohort, a non-compliance shortcoming with NFRS policies and procedures was identified at the September 2016 EDT, with its PID later recording that a business case was submitted on 23/02/17 and approved by EDT. Further development of its business case, PID or use of the Risks, Assumptions, Issues, Dependencies ('RAID') document however did not appear to take place. We are advised this was partly because Nottinghamshire did not lead on this collaboration. For SkyPe's subsequent work-flow, a PID was completed and a RAID was in use.</p> <p>Two further projects were examined, Surface laptop rollout and Tranman fleet system which were started under the current policy.</p> <p>For Surface, no business case was evident as being submitted to EDT. For Tranman, a retrospective business case report was submitted to EDT as no business case was in place prior to the project commencing. The report later submitted was comprehensive and the case well-made but did not follow the standard NFRS template. This out-of-sequence documentation flow created confusion over deliverables and cost overruns, but was cleared up soon thereafter.</p> <p>Risk:</p> <p><i>Effective action to mitigate risks or redirect projects / project scope is not taken. Projects may be carried out without prior consideration.</i></p>	<p>Unless an exception is granted, and in terms of current policy, all business cases and PIDs should be submitted to EDT and this, together with any core decisions taken, should be evidenced as part of work-flow and key decision capture.</p>	<p>Response</p> <p>A solution to capture this information is currently in development using our SharePoint environment to ensure that from project mandate to project closure (logging lessons learned) actions are recorded and auditable.</p> <p>Date for implementation January 2019</p> <p>Officer responsible for implementation Service Project Manager</p>
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<p>2. Project Costs Tracking and Project Costing</p> <p>Effective cost control is a self-evident feature of good project management. From our testing of four projects, two projects had either a significant or small overspend above contingency, one project came in within budget and one project was yet to report. In the latter case, successful cost advantage had been achieved from cost sharing via a collaborative venture and EDT challenge.</p> <p>More generally in discussion with the Project Management Officer, we found that cost tracking and clear audit trails around project costs was poor and difficult to establish. This has been rectified during 2018 with the introduction of a Purchase Order Cost Tracker as part of the RAID documentation.</p> <p>We also observed, and further discussed, that internal NFRS labour time (a fixed cost) on projects is not project costed. The rationale for this is that this would:</p> <ul style="list-style-type: none"> • Be difficult to implement • Have negative resource implications and • Not yield the project benefit envisaged, and would most likely result in a project cost of itself. <p>There was thus no appetite to cost internal labour time but there were opportunities to consider opportunity costs when making a decision to invest, or continuing to invest, in a project. There was some evidence these were being considered in scenario planning in business cases but that this could be explored further in work that could be done around Benefits Realisation Statements and Closure Reports.</p> <p>Risk:</p> <p><i>Project costs are not tracked or validated at an early stage or are incurred before corrective action can be taken and full costing decisions are not laid out.</i></p>	<p>a. The recently instituted Purchase Order Tracker in the RAID documentation should be utilised.</p> <p>a. The Fire Service may also wish to consider the aggregated financial impact of opportunity costs not avoided, i.e. as part of an annual assessment of its project/programme activity, those additional costs outside of financial ledgers. This would also, for example, provide an option to look at success factors other than on a project-by project basis</p> <p>Via such a periodic assessment, this would substantiate any opportunity cost savings, that the correct projects are being selected and good resource allocation is being achieved as well as allow enhancement and greater incisiveness around assessing and documenting Benefits Statements and Closure Reports.</p>	<p>Response</p> <p>a. NFRS had recognised this area of concern prior to the audit and had included an invoice tracking function into the RAID so that purchase orders could be associated with the projects and monitored against the invoices.</p> <p>b. We will look to incorporate Opportunity Cost evaluation in our Benefits Assessment work which will typically be contained in the project closure report.</p> <p>Date for implementation January 2019</p> <p>Officer responsible for implementation Service Project Manager</p>
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Priority 2 areas

(Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)

3. Guidance Documentation

The current project management guidance documentation, encompassing five PDF documents is very lengthy and detailed at exactly 100 pages. Whilst comprehensive, it is potentially overwhelming to users, many of whom are untrained in project management.

Risk:

Those running projects lack focus and incur time that is otherwise not necessary.

The Fire Service should consider producing a more concise handy guide to act as an aide mémoire for those involved in project management work, This may include tailoring the requirements dependent upon the size of and complexity of the project or providing different level guidance for different project size/complexity and the promotion of a possible 'Lite' version.

Response

The guidance document will be updated in line with the introduction of the new Project / Programme Management Site. It had already been recognised that there needs to be a methodology for small and large project types.

Date for implementation

January 2019

Officer responsible for implementation

Service Project Manager

<p>4. Finalisation of EDT and SLT Terms of Reference (Version Control)</p> <p>The EDT is the authorising and monitoring body of all Fire Service corporate projects with the next level SLT acting in the capacity of strategic oversight for all corporate decisions. Both bodies have additional duties beyond project oversight.</p> <p>The established terms of reference for both EDT and SLT are currently draft at Version 5 and Version 1 respectively.</p> <p>Risk:</p> <p><i>Actions are taken outside confirmed Terms of Reference.</i></p> <p>Page 57</p>	<p>The terms of reference for EDT and SLT should be finalised as soon as practicable to confirm their remit in terms of project management processes.</p>	<p>Response</p> <p>Yes this should be formalised, which will be altered in line with the new Project / Programme Management Site.</p> <p>Date for implementation January 2019</p> <p>Officer responsible for implementation Service Project Manager</p>
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<p>5. Staff Training</p> <p>Previous project management guidance indicated that to support NFRS in its planning and control of projects, a rolling integrated programme of training and development was in place. This was to help ensure that Project Managers possessed the expertise to manage their projects and training would be provided by the organisation.</p> <p>No such similar indications are in place in terms of the current guidance where there is no reference to training but we were however informed a decision has recently been made to roll project management training out to middle management during FY18/19. This is timely, as many NFRS staff carrying out projects do not have project management competency nor is it part of their core roles and responsibilities.</p> <p>Risk: <i>Project staff are expected to deliver projects outside of their core responsibilities with consequent weakened project control and execution.</i></p>	<p>The anticipated project management training planned for FY 18/19 should be carried out for all staff involved or expected to be involved in managing current and future projects.</p>	<p>Response</p> <p>This training is currently underway within the service. The procurement team have been the lead on this.</p> <p>The project team will act as guidance for assistance and the guidance document will be amended as part of the new Project / Programme Management Site.</p> <p>Date for implementation January 2019</p> <p>Officer responsible for implementation Service Project Manager</p>
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<p>6</p> <p>. Project Initiation - Process Diagram</p> <p>Guidance document 2120 (Project Initiation Process) at page 3 sets out a helpful process flow linking the Business Case and PID with a project plan / project controls, benefits review plan and suggests four further strategy documents:</p> <ul style="list-style-type: none"> • communications management • risk management • quality management and • configuration management. <p>In each case, there are separate NFRS templates for these areas, but these were not used in any of the four projects reviewed. Communications management statements were often brief and used email as the default communication channel without more comprehensively defining who, when and what should form part of any communication plan implementation and help ensure project aims were being met. Whilst it is recognised in all cases that project reliance may be gained from other documentation or process, e.g.</p> <ul style="list-style-type: none"> • feasibility studies • regular supplier interaction • throughout the daily planning and execution of the project <p>these particular Prince2 templates appear unused and/or are perceived as a difficult 'fit' to NFRS project documentation.</p> <p>Other than in the Surface laptop project, clearly defined risk, quality and configuration management statements envisaged by the guidance were not in evidence and on more than one occasion retained 'standard reference text' from the main body of the document (i.e. unmodified text copied from the guidance not changed to make project specific).</p> <p>Risk:</p> <p><i>Those running projects will view this Prince2 documentation as mandatory (via the PIDs) but where goal objectives are, or can be, effectively achieved through other process or other documentation.</i></p>	<p>Where alternative project documentation is deemed suitable, this should be used instead of mandated standard templates that appear unwieldy. This would help to provide a closer fit to project controls around communication, risk, quality and configuration risks. This documentation, in terms of policy, would still need to form part of PID submissions to EDT.</p> <p>The use of generic, or unaltered standard text, whilst remaining as suggested guidance, should not form part of individual project documentation.</p>	<p>Response</p> <p>The new Project / Programme Management Site will ensure that the documents required for a project are automatically created. The tailoring for the different types of project will be captured in the PID as a point of reference.</p> <p>Date for implementation January 2019</p> <p>Officer responsible for implementation Service Project Manager</p>
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<p>7</p> <p>. Recording WorkFlow Decisions and Project Board Minutes</p> <p>The Project Management Office has three full-time members of staff, but where one of them leads heavily day to day and has created a key-person dependency. The team are responsible for many NFRS projects running simultaneously, together with new projects starting and current projects closing on a continuous basis. This is coupled with the need to advise and help manage projects over four stages and provide regular performance reporting. The tasks are wide.</p> <p>This audit identified some difficulties evidencing key decisions made across the work-flow process which, if in place, would serve as an improved control around effective records management. Examples noted included no confirmatory evidence of appointments of senior users, suppliers and project teams, PID or business case version control and confirmation of whether such documentation is, or had, in all cases been submitted to EDT together with decisions that were made at that or project board meetings. Developments to enhance workflow processing and decision capture have recently been introduced with commencement of a MS Project Planner Board in place.</p> <p>Separately, we also observed that whilst there was some evidence of project minutes, these were not always in the format of Project Board minutes and sometimes doubled up as RAID Action Plans.</p> <p>Risk:</p> <p><i>Key decisions are not always adequately captured in the workflow process.</i></p>	<p>A separate tab, most likely in the RAID documentation, should be created to capture better work-flow and key decision recording. If the Fire Service wishes to move away from an 'official' or hard copy signature to evidence approval on documentation such as a business case or PID, there should be alternative mechanisms to capture this approval. Project Board minutes should be documented more routinely.</p>	<p>Response</p> <p>There is already a decisions tab in the RAID and minutes for the Project Board meetings should capture this. Again there will be the ability to create these within the new Project / Programme Management Site.</p> <p>Date for implementation January 2019</p> <p>Officer responsible for implementation Service Project Manager</p>
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To: Chief Fire Officer

Subject: NFRS Purchasing and Creditor Payments

Date: February 2019

9 Introduction

- 1.1 This report sets out the findings and recommendations arising from a recent review of the purchases and creditor payments transacted through the NFRS Finance Function.

Our audit review was based upon an analytical approach, focussing on higher risk or high value or high volume data populations. These were selected according to either process or business area, account balance or financial size.

The objective of the system is to ensure that purchases are made in accordance with financial procedures, only by authorised employees, within budget to approved suppliers on agreed contractual terms.

- 1.2 We examined transactions with payment dates between 6 April 2017 and 17 January 2018 in order to highlight those meriting further scrutiny. A population size of 11,329 transactions with a value of £27.623m (excluding credit notes) was first analysed. Options for areas to examine were discussed and agreed with the Head and Deputy Head of Finance in line with the approach set out at 1.1 above.

10 Audit opinion

- 10.1 In the areas examined, we assessed the controls to determine to what extent the risks are being mitigated.
- 10.2 In our opinion the level of assurance we can provide is: -



REASONABLE ASSURANCE Risk levels are acceptable

11 Risk areas examined

- 11.1 During this audit we looked for controls to address the following key risks: -

<i>Risk title</i>	<i>Description</i>
Purchase Orders	Official orders may not be placed or inappropriate goods and services may be purchased.
Fraud Prevention	Fraudulent payments may be made, monies lost or

<i>Risk title</i>	<i>Description</i>
	additional costs incurred.
Goods and Services	Inappropriate goods and services may be ordered or accepted.
Invoice Payment	Inaccurate or invalid invoices may be paid without challenge or payment terms may not be complied with.

11.2 Testing focused on eight financial areas individually selected following discussion with the Fire Service. We considered four areas to be effectively managed, with Action Plans for the remaining four.

12 Audit findings

12.1 We examined process around the key risk areas. Following our work we considered the controls to be effective in the following four areas selected: -

- **Ampron Electrical Services contract:** For this c. £0.6m annual contract, which is for planned, preventative and reactive maintenance work across Fire Service sites, workflow is governed by the Concerto Facilities Management software.

Recent improvements have been made to the systems and processes supporting the Ampron control environment, and, in the main, we consider these to be now operating satisfactorily. Agresso is extensively used for requisitioning and purchase ordering processes. The Ampron contract is now subject to additional controls and improved relationship management with the supplier. The Fire Service now expects to renew this contract to 31 March 2021.

- **Utilities Monitoring:** Testing identified individual spreadsheets monitoring gas, electric and water usage (non-order based service transactions) together with an overall cost monitoring spreadsheet in place for each station and site.

A specialist forensic utility firm has also reviewed the Fire Service's gas and electric cost and usage. Limited forensic validation around water usage has been possible due to the water market only becoming deregulated from April 2017.

- **London Road and Newark Fire Station Builds:** Interim invoicing (payments on account) for London Road and Newark Fire Station builds are supported by valuation certificates and monthly cost reports from the appointed Project Managers. The valuation certificates certified the cost of works completed by the appointed contractor. These support the goods received and services completed on these works, in line with agreed purchase orders.
- **Pay-overs:** Evidence supporting employee deductions, required to be paid over to third parties, is in place.

We also identified as follows:

- **Changed Bank Details:** The procedures carried out for the verification of supplier details provide adequate controls.

- **Public Sector Payment Policy:** For 2017-18, the Fire Service is able to report a monthly average compliance rate of 97.53% for payment within terms for suppliers' undisputed invoices. This is well in excess of the 30 day, 90% target under the Public Sector Payment Policy.
- 12.2 There were some control weaknesses and some failures to comply with the standard controls resulting in remaining risks. The attached Action Plan sets out these weaknesses and our recommendations to address them.
- 12.3 A summary of the recommendations made, together with a brief summary of the priority 1 and 2 areas, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	2	Immediate
Priority 2	2	Within two months

Priority 1 areas:

- **Fire Link (Home Office) Invoices:** Fire Service personnel who may have an understanding of the contractual components around the Fire Link contract are not consulted as to the validity of Fire Link charges. Whilst this service is considered fundamental to Fire Service operations, invoices are approved for payment without any prior validation. (Action Plan 1).
- **Agresso System - System Override:** The Agresso system allows users to override standard ("master-file") prices when submitting orders without system detection or "flags". Mitigating internal controls, in the main, rely on the budget holder to notice this or the supplier to draw attention to it. (Action Plan 2).

Priority 2 areas:

- **Transactions without Purchase Orders (POs):** A small number of transactions should have followed work-flow PO processes. A similar small number of transaction types should be added to the PO Exempt List maintained (Action Plan 4)
 - **Agency and Temporary Staff Recruitment:** The Fire Service is not always able to demonstrate compliance with its Recruitment Authorisation Form (RAF) procedure. There is also an opportunity to rationalise the number of agency and temporary staff suppliers as well as agree preferred pricing terms. (Action Plan 3).
- 12.4 In addition to the findings presented in the Action Plan, other observations were discussed with management relating to segregation of duties in the Facilities Division and closed Purchase Orders.

**Audit conducted by: Tom Pearson
Senior Auditor**

**Audit supervised by: Angela Wendels
Senior Auditor**

Rob Disney, Group Manager Assurance

Internal Audit report 2017-07 – February 2019	ACTION PLAN NFRS Purchasing and Creditor Payments	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
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Priority 1 areas (Essential for effective internal control, must implement recommendations to improve existing control arrangements)

<p>1. FireLink (Home Office) Invoices</p> <p>The 'Fire-Link' wide-area radio system is used by the Fire Service to support its voice and data communication. This is an essential system, interoperable with other Fire and Rescue Services (FRS).</p> <p>Fees and recharges for this service, which have multiple components, are determined by a Home Office Grant Determination Award. The 2017-18 Grant Award to the Fire Service was approximately £375k against actual invoices paid of c. £537k. Ear-marked reserves were used to cover this shortfall.</p> <p>Home Office invoices are however paid without any prior validation. Current personnel within NFRS who may have an understanding of the overall contract are not consulted. The last internal analysis of these costs was in 2014.</p> <p>Ownership of this account is therefore lacking.</p> <p>A clearer understanding of this contract will provide an up to date position of costs paid/payable and additional charges, or refunds, if any, that are due. This will shed further light on whether the Fire Service was correct to account for an unfunded expense.</p> <p>Risk: <i>Errors are not detected and incorrect payments are made.</i></p>	<p>An updated understanding of this contract's fees and recharges should be obtained. The appointed budget holder should be aware of this analysis when making payments to the Home Office.</p>	<p>Response</p> <p>The Authority has little control over these costs as they are recharged out from the HO, who also make a grant payment to offset the costs. The ESN deputy project manager now receives payment schedules from the HO which the invoices are checked against.</p> <p>Date for implementation Implemented</p> <p>Officer responsible for implementation ESN Deputy Project Manager</p>
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Internal Audit report 2017-07 – February 2019	ACTION PLAN NFRS Purchasing and Creditor Payments	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p>2. Irongate Pricing / Ability to Override Agresso</p> <p>Agresso workflow processes are in place for approving additions or amendments to the 'stores-catalogue'. There are approximately 350 products within the overall catalogue for Irongate in terms of a four year tender award, effective 1 May 2015. Irongate provide a large range of office supplies and workwear. The Fire Service's actual spend with Irongate for 2016-17 was approximately £61.5k.</p> <p>Approximately 1,400 invoices were paid within the 21 month analysis period of which c. 1,000 were for less than £100 and c. 430 for £20 or less. Only 10 transactions (totalling £327) did not have Purchase Orders.</p> <p>Our discussions with Fire Service personnel however identified staff can override standard ("master-file") prices when submitting orders on Agresso without system detection or "flags". This override ability is system wide across the whole stores catalogue, that is, not just limited to Irongate. We were informed this cannot be corrected as it would impact other system functionality.</p> <p>Vendor master file override is a significant risk faced in the procure-to-pay cycle that can involve an over-reliance on manual controls. Internal controls to mitigate this risk, in the main, rely on the budget holders to notice any override or the supplier to draw attention to it. The options for rectifying this would need to take account of the costs of changing the system against the potential benefits of automating the controls.</p> <p>At the conclusion of the audit we were unable to determine if master-file prices accorded with tender prices for the Irongate stores catalogue.</p> <p>Risk: <i>A circumvention of intended automated controls occur and orders are placed overriding agreed pricing without detection.</i></p>	<p>We recommend the Fire Service considers whether a configurable and customised control can be easily implemented so that incidents of non-compliance can be identified and addressed quickly.</p> <p>We also recommend the Fire Service completes an exercise to determine the extent to which its stores catalogue's master-file prices for Irongate are consistent with agreed tender prices.</p>	<p>Response</p> <p>The systems accountant has reviewed the configuration of the system, and concluded that individual products cannot be locked. The alternative would be to lock the system. This option, however, is not is not viable as the facility is required for generalised products which are subject to variable pricing and the value needs to be input at the time of requisitioning.</p> <p>The systems accountant has completed the exercise and reviewed the findings. The procurement department will continue to update the system with the contract prices at the start of the new contract year.</p> <p>Date for implementation Implemented</p> <p>Officer responsible for implementation Procurement Manager</p>

Internal Audit report 2017-07 – February 2019	ACTION PLAN NFRS Purchasing and Creditor Payments	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
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Priority 2 areas (Highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)

<p>3. No Purchase Orders – Sample Review</p> <p>Within the data population examined, we segmented c. 300 transactions over £100, (total £165.27k) and each without a Purchase Order (PO). We examined a 10% sample of transactions to ascertain the reason for not using a PO. When examined there was a valid reason for many of these transactions having no PO. In many cases, an originating PO was in place but an exception or Agresso conflict created an additional series of workflow processes that had to be followed to close the transaction.</p> <p>Exceptions remaining thus fell into the following categories:</p> <p>Transactions viewed as requiring a PO</p> <ul style="list-style-type: none"> • IT Licence Fees / Recharges • Age UK Home Safety work • East Midlands Ambulance – hand portable loaned terminals <p>Transactions suggested to add to PO Exempt List</p> <ul style="list-style-type: none"> • Nottingham Bid Levy Company <p>Miscellaneous</p> <p>A Ford Kuga vehicle (£16.45k) was purchased via a vehicle sourcing company, however, the vehicle sourcing company were paid in error when the Ford Motor Company invoice was matched to the Fire Service PO against the vehicle sourcing company. This, meant that the wrong company was paid in error. The amount was later refunded and Ford Motor Company Limited were then paid.</p> <p>Risk: <i>Without appropriate POs, funds may be committed without authorisation or agreed contract terms.</i></p>	<p>The requirement to use POs, rather than arrange payment on invoice presentation is reinforced.</p> <p>The PO Exempt List should be reviewed and amended.</p> <p>Protocols should be reinforced that where the supplier named on the PO does not match the supplier on the invoice, payment should not be made before any additional checks take place.</p>	<p>Response</p> <p>The procurement Manager and Assistant Head of Finance will issue a staff briefing in conjunction with the procurement policy. This will be displayed on the intranet.</p> <p>The Assistant Head of Finance has updated and reviewed the exception list. This has now been set as an annual task by the Assistant Head of Finance.</p> <p>The Finance team take every precaution to ensure the invoices are matched to the order.</p> <p>Date for implementation February 2019</p> <p>Officer responsible for implementation Procurement Manager Assistant Head of Finance</p>
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Audit Finding	Recommendation	Management Response
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4. Agency and Temporary Staff Recruitment

The Fire Service used approximately 30 suppliers for recruitment of agency and temporary staff over the 21 month sample period with approximately 500 paid transactions (£507.3k). Many of these transactions represented weekly recurring invoicing of agency staff and sometimes several agency staff on the same invoice.

A Recruitment Authorisation Form (RAF) is required for agency/temporary staff appointments. EDT members' approval is required to agree this recruitment, which is given once the RAF has been circulated by email between EDT members for comment. A recently revised RAF now includes questions on IR35 Regulation status, if the post could be suited to an apprentice or collaboration opportunity and that Finance has confirmed the post holder's funding status.

We selected 10 invoice payments which included 18 different agency personnel across 11 budget holders and found the following :

Analysis of RAF Compliance for Agency Workers

Category	Count	Percentage
Completed a RAF Form	8	44%
No RAF form but EDT Approval	5	28%
No RAF form or no evidence available	4	22%
No response received	1	6%

For the five placements where no response was received, or where no RAF or EDT approval could be supplied, we were unable to determine if RAF processes had been substantively followed.

We requested details relating to the competitiveness of rates paid and received 9/18 responses. Where information was provided we only found evidence of one case where the rate had been negotiated. In the other eight cases we were informed that rates paid were in line with Fire Service rates (for that role) of which one stated the Fire Service paid higher than agency rates.

Risk: *Temporary staff recruitment is not in line with Fire Service procedures and preferential rates may not always be procured.*

The requirement to use the RAF should be reinforced and the new form should be used. As they are often unsighted, a monthly procedure should be implemented to ensure the HR and Finance Departments are aware of EDT approvals of agency / temporary staff appointments.

Where the post is extended outside of the original RAF approval period, updated approval should be given in terms of the EDT pre-circulation procedure.

The opportunity to rationalise the number of agency/temporary staff suppliers and preferential rates should be explored.

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Response

The new RAF is now fully utilised and all departments are now using the approved form. The procedure notes have been circulated and no RAF can be approved by EDT until the Head of Finance and HR have agreed the funding and the establishment details. This form is then approved by EDT and a hard/email copy is received in HR and Finance.

In the case of extensions, EDT approval will be in the minutes and the original RAF will still be in place. The HR and Finance EDT member will also communicate this with their wider team.

The section heads recruit from the agency that is relevant to the work required for their specialised area. The chosen supplier will be selected by the head of department based on the availability and the skills needed for the post. Consideration will be taken at the point of recruitment for the negotiation of the price.

Date for implementation
Implemented

Officer responsible for implementation
Head of HR and Head of Finance.



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

EXTERNAL AUDIT PLAN 2018/19

Report of the Chief Fire Officer

Date: 29 March 2019

Purpose of Report:

To present the external auditors' audit plan for work which they intend to carry out on the Authority's 2018/19 financial statements and value for money arrangements.

CONTACT OFFICER

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Head of Finance

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Email : becky.smeathers@notts-fire.gov.uk

Media Enquiries Contact : Therese Easom
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1. BACKGROUND

- 1.1 The external audit of the Fire Authority's 2018/19 accounts is to be undertaken by Ernst & Young LLP. This is the first of five years that Ernst & Young will be undertaking the audit under the current contract.
- 1.2 As part of their responsibilities under the external audit regime, the auditors produce an annual plan setting out the areas that they will cover during their audit and this plan is presented to the Finance and Resources Committee.

2. REPORT

- 2.1 The full external audit plan is set out in Appendix A for Members' information. In summary, it covers several areas:
 - Overview of the audit strategy;
 - Audit risks;
 - Value for money risks;
 - Scope of the audit;
 - Interdependencies;
 - Various appendices which provide further detail to support the plan.
- 2.2 The plan also sets out the fees for the audit and the timescales for reporting back to the Fire Authority.

3. FINANCIAL IMPLICATIONS

The planned audit fee for 2018/19, as set out on Page 23 of the plan, is £23,909 which is a reduction from the 2017/18 fee of £31,050.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising from this report.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report relates to statutory audit which is external scrutiny rather than a policy matter.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

The external auditors have statutory powers and responsibilities set out in the Local Audit and Accountability Act 2014.

8. RISK MANAGEMENT IMPLICATIONS

The external auditors provide a key element of the assurances that are given to elected Members and members of the public with regard to the accuracy of the financial statements and the arrangements for value for money.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.


10. RECOMMENDATIONS

That Members note the contents of this report.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER

A photograph of a meeting table with several white papers spread across it. Several hands are visible, pointing at different sections of the documents. A person in a yellow shirt is at the top of the frame, and another person in a white shirt is at the bottom. A smartphone is lying on the table near the bottom left. The background is a bright, out-of-focus room.

Nottinghamshire and City
of Nottingham Fire and
Rescue Authority
Initial Audit Planning
Report
Year ended 31 March 2019

29 March 2019



Private and Confidential

29 March 2019

Dear Finance and Resources Committee Members

Initial Audit planning report for Nottinghamshire and City of Nottingham Fire and Rescue Authority (the Authority)

We are pleased to attach our indicative Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Finance and Resources Committee with a basis to review our proposed audit approach and scope for the 2018/19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority, and outlines our planned audit strategy in response to those risks. This is our first year as the Authority's appointed auditors. Our initial Audit Plan follows a review of your predecessor auditor's Audit Results Report, Annual Audit Letter and audit file. In addition, I had a planning meeting with your finance team on 25th January 2019, and since followed up with our requests for data gathering and information requests ahead of our first audit site visit. We have also reviewed your key strategic, corporate, financial and risk management papers in the period up to the date of this Committee. We are concluding our planning work and interim audit procedures from the 1st April until 19th April. We will update this plan should there be any matters arising from our remaining planning and interim audit work which change our initial risk assessment and audit scope.

This report is intended solely for the information and use of the Audit and Standards Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 29 March 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Neil Harris

For and on behalf of Ernst & Young LLP



Private and Confidential

29 March 2019



Dear Finance and Resources Committee Members

Initial Audit planning report for Nottinghamshire and City of Nottingham Fire and Rescue Authority (the Authority)

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Finance and Resources Committee and management of the Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Finance and Resources Committee, and management of the Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Finance and Resources Committee and management of the Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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01

Overview of our initial 2018/19 audit strategy



Overview of our 2018/19 audit strategy

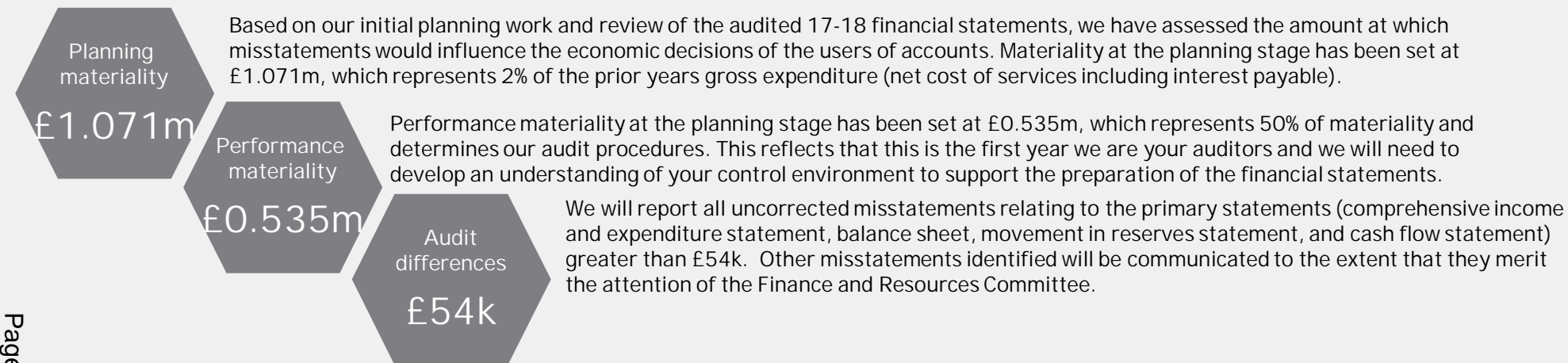
The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Finance and Resources Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified from the previous year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Risk of Management Override	Significant Risk/Fraud	No change in risk or focus from KPMG LLP	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Property, Plant and Equipment Valuations	Inherent risk	No change in risk or focus from KPMG LLP	Property, plant and equipment (PPE) represents a significant balance in the Authority's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end PPE balances held in the balance sheet. As the Authority's asset base is significant, and the outputs from the valuer are subject to estimation, there is a higher inherent risk PPE may be under/overstated or the associated accounting entries incorrectly posted. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.
Pension Valuation and Disclosures	Inherent risk	No change in risk or focus from KPMG LLP	The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding the Fire Fighters Pension Scheme and the Local Government Pension Scheme (LGPS). The Authority's deficits under both schemes are disclosed on a combined basis on the Authority's balance sheet. The total value and represents a material and sensitive balance. The information disclosed is based on the IAS 19 reports issued to the Authority by the Actuaries for both schemes. Accounting for these schemes involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.

Overview of our 2018/19 audit strategy

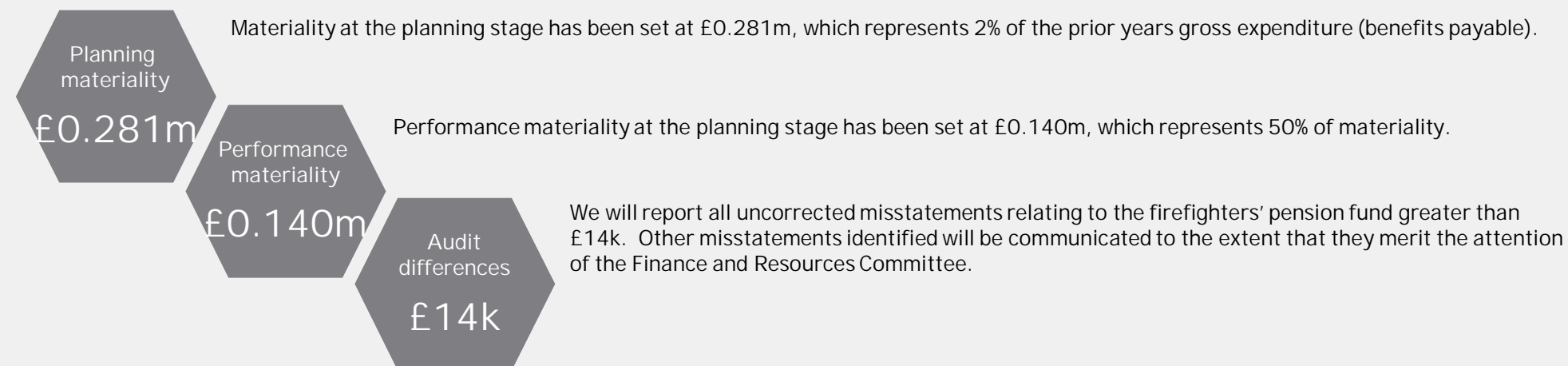
Planning Materiality



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We set separate materiality values for the Firefighters' Pension Fund Account which is included as part of the overall financial statements of the Authority. These are set out below.

Planning Materiality Firefighters' Pension Fund account



Overview of our 2018/19 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Nottinghamshire and City of Nottingham Fire and Rescue Authority give a true and fair view of the financial position as at 31 March 2019 and of the income and expenditure for the year then ended; and
- Our conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Authority.

Your audit team will be led by



Neil Harris – Associate Partner

Neil has over 25 years experience of Local Authorities, including Police, Fire audits, Pension Funds and their respective audits. Neil has been Engagement Leader in EY for six years, having previously worked for the Audit Commission as a District Auditor between 2009 and 2012.



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02 Audit risks



Our response to significant risks

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

Under ISA240 there is also a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. At this stage, we consider this risk is not material in relation to our audit at the Authority.

What will we do?

We will undertake our standard procedures to address fraud risk, which include:

- Identifying fraud risks during the planning stages.
- Inquiring of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Considering the effectiveness of management's controls designed to address the risk of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- Assess accounting estimates for evidence of management bias, and
- Evaluate the business rationale for significant unusual transactions.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Valuation of Land and Buildings

Property, plant and equipment (PPE) represents a significant balance in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Material judgemental inputs and estimation techniques are required to calculate the year-end PPE balances held in the balance sheet.

As the Authority's asset base is significant, and the outputs from the valuer are subject to estimation, there is a higher inherent risk PPE may be under/overstated or the associated accounting entries incorrectly posted.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme and the Firefighter's Pension Scheme.

The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. The information disclosed is based on the IAS 19 report issued to the Authority by the actuary.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

We will:

- Consider the work performed by the Authority's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer, for example on construction work with Fire Stations (e.g. at Hucknall, Newark and Worksop);
- Review assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;
- Consider changes to useful economic lives as a result of the most recent valuation; and
- Test accounting entries have been correctly processed in the financial statements.

We will:

- Liaise with the auditors of the Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Authority for the Local Government Pension Scheme (LGPS);
- Assess the work of the Pension Fund actuary for the two schemes Hymans Robertson (LGPS) and the Government Actuary's Department (Firefighters' Pension Scheme). Including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.



03

Value for Money Risks





Background

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people" Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

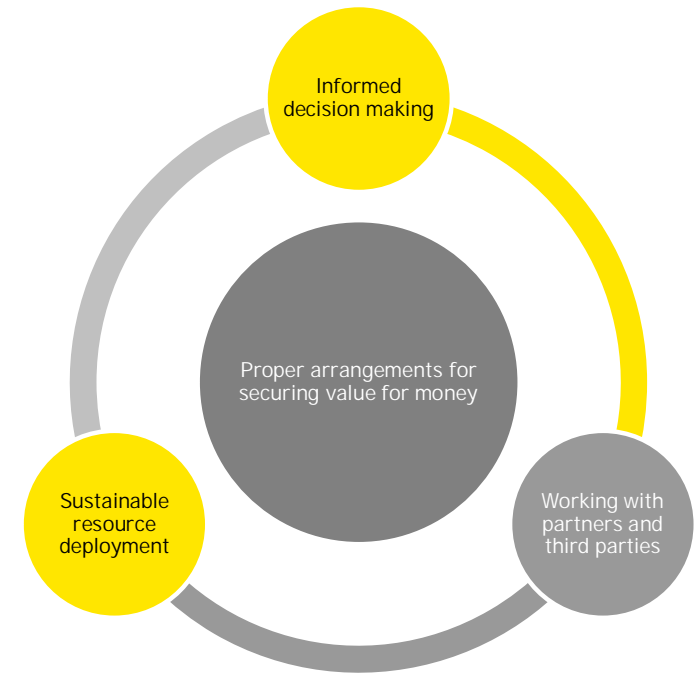
When considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement. We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as: "A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2018/19 this has included consideration of the steps taken by the Authority to consider the impact of Brexit on its future service provision, medium-term financing and investment values. Although the precise impact cannot yet be modelled, we anticipate that Authorities will be carrying out scenario planning and that Brexit and its impact will feature on operational risk registers.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. Based on our work to date, this has resulted in the identification of no significant risks. During our interim audit visit in April 2019, we will be completing:

- A qualitative and quantitative assessment of the Authority's financial resilience.
- A review of how the Authority has responded to any findings and improvement recommendations from HMICFRS inspections.

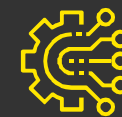
Should this work lead to any significant concerns on the Authority's arrangements, we will update the Finance and Resources Committee on our proposed response.





04

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO [delete if not applicable]

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2018/19 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated. Although we are therefore not intending to rely on individual system controls in 2018/19, the overarching control arrangements form part of our assessment of your overall control environment and will form part of the evidence for your Annual Governance Statement.

Analytics:

- We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:
- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
 - Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Finances and Resources Committee.

Internal audit:

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

Our Audit Process and Strategy (continued)

Earlier deadline for production of the financial statements

The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the accounts by 31 July.

These changes provide risks for both the preparers and the auditors of the financial statements:

- The Authority now has less time to prepare the financial statements and supporting working papers. Risks to the Authority include slippage in delivering data for analytics work in format and to time required, late working papers, internal quality assurance arrangements, and changes to finance team
- As your auditor, we have a more significant peak in our audit work and a shorter period to complete the audit. Risks for auditors relate to delivery of all audits within same compressed timetable. Slippage at one client could potentially put delivery of others at risk.

To mitigate this risk we will require:

- good quality draft financial statements and supporting working papers by the agreed deadline;
- appropriate Authority staff to be available throughout the agreed audit period; and
- complete and prompt responses to audit questions.

If you are unable to meet key dates within our agreed timetable, we will notify you of the impact on the timing of your audit, which may be that we postpone your audit until later in the summer and redeploy the team to other work to meet deadlines elsewhere.

Where additional work is required to complete your audit, due to additional risks being identified, additional work being required as a result of scope changes, or poor audit evidence, we will notify you of the impact on the fee and the timing of the audit. Such circumstances may result in a delay to your audit while we complete other work elsewhere.

To support the Authority we will:

- Work with the Authority to engage early to facilitate early substantive testing where appropriate.
- Facilitate faster close workshops to provide an interactive forum for Local Authority accountants and auditors to share good practice and ideas to enable us all to achieve a successful faster closure of accounts for the 2018/19 financial year.
- Work with the Authority on the use of EY Client Portal, this will:
 - Streamline our audit requests through a reduction of emails and improved means of communication;
 - Provide on-demand visibility into the status of audit requests and the overall audit status;
 - Reduce risk of duplicate requests; and
 - Provide better security of sensitive data.
- Agree the team and timing of each element of our work with you.
- Agree the supporting working papers that we require to complete our audit.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Valuations Team. We will consider any valuation aspects that may require EY valuation specialists to review any material specialist assets and the underlying assumptions used.
Pensions disclosure	EY Actuaries

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



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Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>▶ The overall assessment of threats and safeguards;</p> <p>▶ Information about the general policies and process within EY to maintain objectivity and independence.</p> <p>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation]</p>	<p>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Written confirmation that all covered persons are independent;</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Neil Harris, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is 0%. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

EY Transparency Report 2018

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2018 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2018>



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Appendices



Appendix A

Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2018/19 accounts of opted-in principal local government and police bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2018/19	Scale fee 2018/19	Final Fee 2017/18
	£	£	£
Total Fee – Code work	23,909	23,909	31,050
Non-audit work	0	0	0
Total fees	23,909	23,909	31,050

All fees exclude VAT

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Authority; and
- ▶ The Authority has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.



Appendix B

Required communications with the Finance and Resources Committee



We have detailed the communications that we must provide to the Finance and Resources Committee.





Our Reporting to you

Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Finance and Resources Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Audit results report
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Corrected misstatements that are significant • Material misstatements corrected by management 	Audit results report

Required communications with the Finance and Resources Committee (continued)

Required communications	 What is reported?	 When and where
Fraud	<ul style="list-style-type: none"> • Enquiries of the Finance and Resources Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud 	Audit results report
Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence 	Audit Planning Report and Audit Results Report

Required communications with the Finance and Resources Committee (continued)

Required communications	 What is reported?	 When and where
External confirmations	<ul style="list-style-type: none"> • Management’s refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report
Consideration of laws and regulations	<ul style="list-style-type: none"> • Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off • Enquiry of the Finance and Resources Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Finance and Resources Committee may be aware of 	Audit results report
Internal controls	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit 	Management letter/audit results report
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report
Auditors report	<ul style="list-style-type: none"> • Any circumstances identified that affect the form and content of our auditor’s report 	Audit results report
Fee Reporting	<ul style="list-style-type: none"> • Breakdown of fee information when the audit plan is agreed • Breakdown of fee information at the completion of the audit • Any non-audit work 	Audit planning report Audit results report

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Finance and Resources Committee reporting appropriately addresses matters communicated by us to the Finance and Resources Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

CORPORATE RISK MANAGEMENT

Report of the Chief Fire Officer

Date: 29 March 2019

Purpose of Report:

To provide Members with an overview of the corporate risk management process and the current version of the Corporate Risk Register.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 The Authority has a robust risk management process which enables the consideration of key external and internal risks as part of the management decision-making process, and the management of those risks to an acceptable level.
- 1.2 By establishing a systematic approach to identifying, assessing and managing risk, Nottinghamshire Fire and Rescue Service (NFRS) intends to continually improve the Authority's governance, increase accountability and enhance overall performance.
- 1.3 This report provides Members with an oversight of the corporate risk management process, the role of the Fire Authority, and the key risks to which the Authority is exposed.
- 1.4 The Authority's Corporate Risk Register details those risks which are significant enough to warrant management by a Principal Officer. Specific risk control measures are put in place to reduce the likelihood and/or impact of a risk occurrence where this is felt to be practicable and/or appropriate.

2. REPORT

- 2.1 The Authority's current Corporate Risk Register is attached at Appendix A.
- 2.2 The risks contained within this register are those that the Service has identified as being the most significant in terms of impacting on Service priorities. Members will note the activities in place, and those planned to help to control those risks.
- 2.3 The impact of Brexit was reviewed by the Executive Delivery Team on 7 January 2019. Agency reporting, and a multiagency planning structure is in place through the Local Resilience Forum (LRF) and NFRS is engaging at a strategic and tactical level as necessary with other LRF partner agencies to plan for the potential implications of Brexit.
- 2.4 The five risks with the highest residual rating, after the application of existing risk control/mitigation measures are the use of vehicles on Authority business; mobilising; emergency services network; health, safety, and welfare and working at height.
- 2.5 A separate report updating on progress against the Management of Road Risk Action Plan has been submitted to Finance and Resources Committee to provide detail on the underpinning work ongoing to mitigate this risk.
- 2.6 The risk associated with a delay to the implementation of new crewing models has been removed from the risk register as this work is now complete. The

risk associated workforce sustainability (Item 4) however, remains the same due to two issues identified as part of the recent HMICFRS inspection associated with the management of dual contact employee hours and the recording of maintenance of competency for operational employees.

- 2.7 An addition has been made to mobilising (Item 2) to capture the risk associated with the Joint Fire Control project with Derbyshire Fire and Rescue Service and the control measures which are being implemented to mitigate this risk via the project governance structure.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising from this report.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report consolidates existing work streams that may themselves be subject to an equality impact assessment.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

The failure of the Authority to effectively manage the risks to which it is exposed poses a risk, particularly where there is a systemic failure. Risk management is a key element of the corporate governance framework and it is imperative that risk identification and management is both up-to-date and embedded in the decision-making, governance and scrutiny processes of the Authority.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

That Members note the contents of this report.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER

CORPORATE RISK REGISTER

Risk Owner: Head of Finance (on behalf of the CFO)										
Ref	Risk Title	Risk Description	L	I	Score	Owner Assurance Commentary	L	I	Score	Key Projects
1	Inability to set a balanced budget and to contain spending within existing budgets	Inability to deliver the required savings to deliver a balanced budget going forward. Changes to funding regime 2020/21. Uncertainty over FF pension fund employer rates. Cost uncertainties due to Brexit e.g. increases in equipment costs/supply chain disruption Unforeseen increases in costs. Poor budget management results in significant overspend or underspend Political impact on short to medium-term budgets. Medium term risk of not being able to set a balanced budget as part of the budget setting process.	4	4	16 VH	<p>Medium term financial strategy; Annual review of budget assumptions; Finance staff work with budget holders to develop realistic budgets for essential expenditure which they have the capacity to deliver; Budget holders trained in finance system based budget monitoring; Budget monitoring reported regularly to SLT and F&R Committee. General reserves are risk-assessed to include elements to cover unexpected expenditure and overspends. £800k Brexit related risk has been included in the General Fund risk assessment.</p> <p>March 2019 due to commence Internal audit of financial management including budgetary control.</p> <p>Recognition that underspends may arise due to early implementation of savings as part of medium term financial strategy, which is a positive situation.</p>	4	3	12 H	Impact of Brexit reviewed at EDT Jan 19. Agency reporting and multiagency planning structure in place via LRF.

Risk Owner: Deputy Chief Fire Officer										
Ref	Risk Title	Risk Description	L	I	Score	Owner Assurance Commentary	L	I	Score	Key Projects
2	Mobilising	<p>Service is unable to receive and act on emergency calls in contradiction of statutory duty.</p> <p>Joint fire Control project has the potential to create risk associated with mobilisation that requires management via project governance and contract monitoring arrangements</p>	4	5	20 VH	<p>Tri-Service Control has business continuity plans in place for failure of mobilising system and other disruptive events. These plans are practiced on a regular basis due to numerous live events. Some additional assurance is required from the Tri-Service Control Manager that effective 'fall back' business continuity arrangements are in place and exercised between the new Joint control room and Leicestershire FRS. The robustness and resilience of communications equipment between control rooms, stations and appliances must be maintained.</p> <p>Risk being managed via Joint fire control project specific risk register</p>	4	4	16 VH	<p>Tested BCPs exist where alternative mobilising arrangements are in place, reliance on communication equipment is critical and therefore such equipment must be maintained operationally robust and resilient.</p> <p>Familiarity and BCP confidence has developed within control rooms, continual support and communication to be provided to control staff.</p> <p>Testing and exercising schedule in place.</p> <p>The review of resilience crewing arrangements is ongoing. This links to Joint Fire Control Risk Register.</p>

Ref	Risk Title	Risk Description	L	I	Score	Owner Assurance Commentary	L	I	Score	Key Projects
3	Employee engagement	Negative industrial relations arising from a period of austerity and change Risk that the Service will be unable to introduce organisational change due to a lack of employee engagement.	3	5	15 VH	SLT champion positive engagement with staff and representative bodies. OD strategy 2015-2020 priorities focuses on staff engagement. Effective communications are in place. Issues remain relating to trust at some levels in some areas of the service as identified in the employee survey. National negotiations relating to pay and broadening the role of Firefighters present a risk of industrial relations tension and action which is beyond the control of NFRS. Regardless, continual open communication is aimed at ensuring informed decisions can be made by all involved.	2	4	8 H	Communications strategy. Open communications including effective use of technology to publish key decision minutes. Ongoing support to Employee Engagement Network.

4	Workforce sustainability	Inability to maintain sufficient or adequate workforce to meet service requirements. Issues around competency of staff, loss of corporate memory and single points of failure or critical persons in specific roles.	4	4	16 VH	<p>Annual workforce plan, provides an overview of workforce projections and identifies key priority areas.</p> <p>L&D ensures delivery of effective acquisition and revalidation of operational training against national standards. L&D and Service Delivery in process of reviewing core competency recording.</p> <p>Application of maintenance of competence policy ensures ongoing refreshing and practice of core operational skills and competencies.</p> <p>Managers identify and address single points of failure as part of BCM and succession planning.</p> <p>RedKite PDS audit has identified low levels of assurance concerning maintenance of competency recording.</p> <p>Failure of the service to monitor and manage dual contract employee hours may impact on availability of on call appliances</p>	4	3	12 VH	<p>Monitoring of audit actions via F&R committee</p> <p>Review impact of dual contract hours on the ridership and review existing management arrangements</p>
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Ref	Risk Title	Risk Description	L	I	Score	Owner Assurance Commentary	L	I	Score	Key Projects
5	Preventable deaths	The risk that a person will die in an incident, where the Service failed to put in place an intervention which would have reduced the risk, or where an intervention was ineffective.	4	5	20 VH	Operational response Collaborative working with other agencies to identify and target interventions at high risk individuals. Fire investigations can identify instances where interventions were not made, or were ineffective Risk reduction initiatives being evaluated for effectiveness Serious fire incident review panel in place to investigate 'near misses'.	2	5	10 VH	Implementation of iMatch software to ensure evidence based and targeted interventions to those most vulnerable by pulling together data available from CFRMIS, Adult Social Care and Exeter database. Introduction of Safe and Well visits using data referenced above and development of the CHARLIE profile. Revised process for serious fire reviews.

Risk Owner: Assistant Chief Officer										
Ref	Risk Title	Risk Description	L	I	Score	Owner Assurance Commentary	L	I	Score	Key Projects
6	Equipment	Adequacy of work equipment and personal protective equipment.	3	4	12 VH	<p>Service needs identified, and business cases required for significant purchases, project management process utilised for major work streams.</p> <p>Appropriate specifications for the selection of work equipment through involvement of relevant stakeholders.</p> <p>Procurement process follows industry standards to address risk issues.</p> <p>Robust inspection and maintenance procedures in place based on PUWER and PPE risk assessments plus associated information documents and Standard Tests.</p> <p>Issues raised through Line Managers, Service Health, Safety and Welfare Committee and via Operational Assurance Team.</p>	2	3	6 M	<p>Codified auditing system utilising competent auditors required to complete the risk management loop.</p> <p>Learning loop requires clarification to ensure that reactive and proactive monitoring lessons inform future practice.</p>

Ref	Risk Title	Risk Description	L	I	Score	Owner Assurance Commentary	L	I	Score	Key Projects
7	Emergency Services Network	The risk that lack of robust operational communications will affect the delivery of public services during the transition to ESN.	4	5	20 VH	<p>Nationally agreed programme funded by government.</p> <p>Airwave remains in place until successful transition has been achieved.</p> <p>Internal project team established with ACFO SRO.</p> <p>Regional Fire Board working in place/being developed.</p> <p>Regular assessment and reporting to the CFA on future implications on service delivery.</p>	3	5	15 VH	<p>Greater collaboration to assure transition and long-term capability management, seeking multi service support and reduce duplication in activity.</p> <p>PSN action plan to deliver a more robust and secure infrastructure.</p>
8	Availability of resources	The risk that the Service will lose widespread access to key resources – premises, equipment, ICT systems/employees impacting its ability to deliver services.	3	5	15 VH	<p>Business continuity plans in place. Service is implementing the principles of the protective security framework.</p> <p>Competent managers. Property Strategy. Transport Strategy. At present the fleet has had issues with the maintenance contract and an ongoing removal of three front line appliances due to mechanical failure NFRS have a degradation policy that can be initiated to meet the possible shortfall if appliances are not available for operational deployment.</p> <p>Service policy framework for employees.</p> <p>ICT Strategy – policies/procedures.</p>	3	3	9 H	<p>BCM plans to be reviewed, with testing and exercising on a programmed, auditable basis.</p> <p>PSN action plan to update the ICT infrastructure to a standard equivalent to 27001 ongoing.</p>

Ref	Risk Title	Risk Description	L	I	Score	Owner Assurance Commentary	L	I	Score	Key Projects
9	Health, Safety, and Welfare	The risk arising from the hazards associated with the Service's activities which may cause injury, ill-health or death to employees and/or non-employees and could result in both criminal and civil sanctions, reputational damage and negative effects on service delivery and employee morale.	4	5	20 VH	<p>The existence of the safety management system and availability of 'competent persons' to advise the Service of its duties and necessary risk controls which are then translated in to safe systems of work.</p> <p>Risk information gathering process provides a structured methodology for assessing the risk from hazards associated with specific operational sites.</p> <p>Risk and Assurance Team facilitates learning from operational incidents.</p> <p>Service learns from other major events affecting FRSs via reports to Service Health, Safety and Welfare Committee.</p> <p>Training ensures competence of employees.</p> <p>Organisational Learning Policy in place including the EP1 process.</p>	3	5	15 VH	<p>Co-ordinated risk management approach being adopted to address NOG involving peer FRSs to address issues of interoperability and achieve the efficiencies available from joint work.</p> <p>Ongoing review of the SMS to refresh and communicate across the organisation.</p> <p>Communications plan to promote SMS.</p> <p>Introduction of technology in relation to mobile working.</p> <p>Robust assurance process required to monitor effectiveness of arrangements.</p>

Ref	Risk Title	Risk Description	L	I	Score	Owner Assurance Commentary	L	I	Score	Key Projects
10	Working at	Aspects of working at	4	5	20 VH	Various elements of policy,	3	5	15 VH	Action plan based on

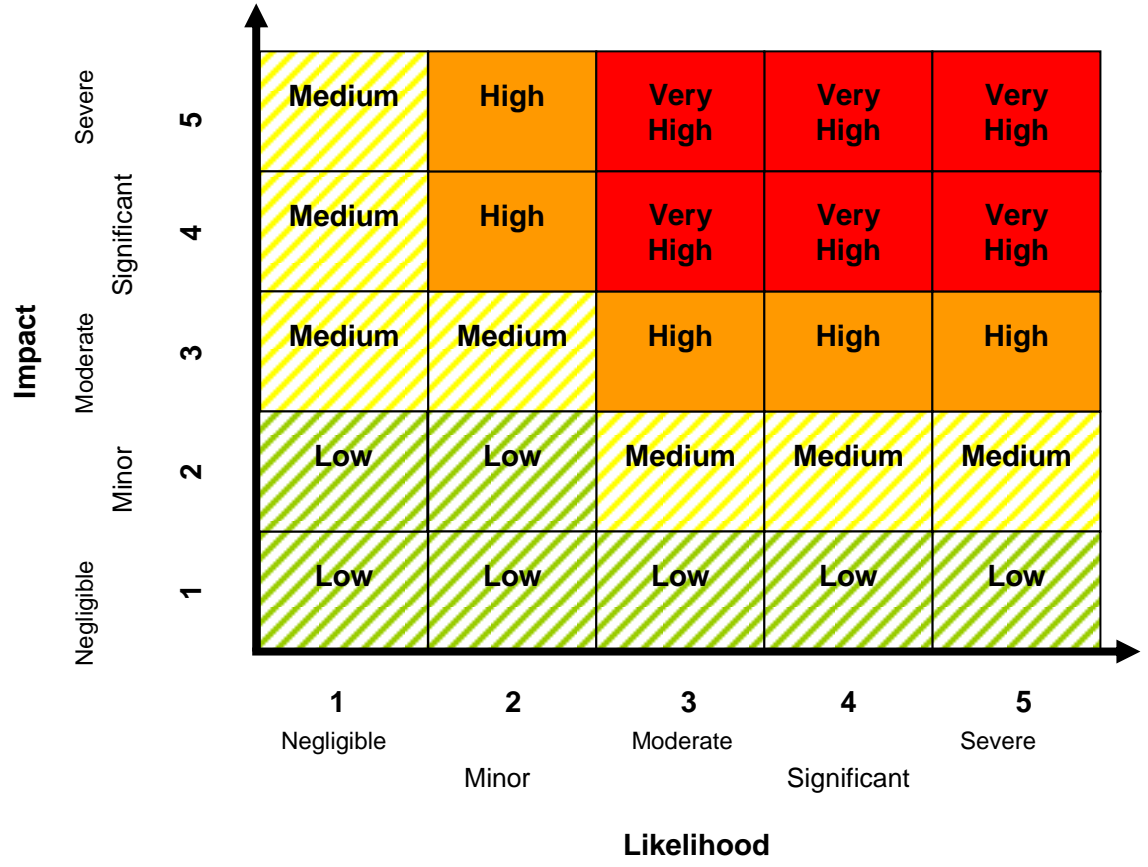
	Height	height activities, equipment and training have been identified as requiring review to ensure strategy, governance and change management etc. are being adequately addressed to ensure that NFRS is confident that it is adopting and maintaining safe systems of work.			<p>equipment procurement, maintenance, training and record keeping in place.</p> <p>Re-audit of 2015 audit carried out to determine if the risk controls identified have been applied to the required effect.</p> <p>Action plan based on the findings of 2018 audit developed.</p>			the findings of the 2018 audit to be communicated out to the Service Health, Safety and Welfare Committee and action plan to be completed.
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Ref	Risk Title	Risk Description	L	I	Score	Owner Assurance Commentary	L	I	Score	Key Projects
11	The use of vehicles on Authority business	<p>The risk of accidents or other events arising from driving-related activity or a shortfall in driving standards.</p> <p>The impact of vehicle accidents or other events on insurance premiums and retained loss costs.</p>	4	5	20 VH	<p>Management of Road Risk action plan progress reported to SHSWC and Finance & Resources Committee.</p> <p>Performance framework activity to enable managers to address shortfalls.</p> <p>Driver training (quality framework) by L&D function.</p> <p>Insurance cover to mitigate financial losses.</p> <p>Driving safety policy.</p> <p>Generic blue-light risk assessment.</p> <p>Generic non-emergency driving risk assessment.</p> <p>External review completed by insurers.</p> <p>Engagement with Nottingham Trent University Emergency Services Research Group.</p> <p>Communications approach.</p>	4	5	20 VH	<p>Specification being developed to deliver event investigation across the Service. Improvement of vehicle collision investigations to maximise organisational learning and improved management of risk. Greater engagement by line managers over standards and expectations in the workplace for driving-related activities.</p> <p>Communications plan development to address gaps in understanding and awareness. Wider publication of event information across the Service to highlight the implications of failures in management systems and workplace practices.</p>

Ref	Risk Title	Risk Description	L	I	Score	Owner Assurance Control	L	I	Score	Key Projects
12	Legal knowledge	The risk that the Service will make decisions without full understanding of legal requirements.	4	5	20 VH	<p>Business Risk Manager coordinates the identification of vulnerabilities through the risk management process with departmental leads.</p> <p>Key roles maintain subject matter expertise/CPD to mitigate risk.</p> <p>Use of external professionals to support the Service on compliance in areas not covered by in-house expertise.</p>	2	5	10H	<p>Business Risk Manager and topic specialists to provide annual horizon-scanning report on legislative development. Embed the local code of governance into daily decision making and practice.</p> <p>Formally identify subject matter experts in the organisation and ensure they are enabled to maintain CPD.</p>
13	Programme governance	The risk that the Service fails to effectively prioritise and resource programmes and projects, resulting in acute capacity issues and potential financial strain.	5	4	20 VH	<p>Business case process requires authorisation of Executive Delivery Team and Strategic Leadership Team as appropriate, who have knowledge of competing demands and priorities</p> <p>Approved programmes and projects managed through project and programme management framework.</p> <p>Updated business planning process in place to ensure clear link between Strategic Plan objectives and the Departmental Business Plan priorities.</p>	2	4	8H	<p>The Service Project Manager reports on project and programme status to the Executive Delivery Team monthly.</p> <p>More accountability and challenge required in governance arrangements to prevent additional works being introduced that compete for resources.</p> <p>Awareness raising across the Service of current and planned demands and the process required to introduce new demands as a business case.</p>

Ref No.	Risk Title	Risk Description	L	I	Score	Owner Assurance Commentary	L	I	Score	Key Projects
14	Environmental impact	<p>The risk that the Service will fail to comply with its environmental duties resulting in the potential for enforcement action.</p> <p>Failure to consider environmental factors when making other business decisions may result in missed opportunities for reducing waste and emissions and purchasing environmentally superior assets or consumables that may deliver financial savings.</p>	3	5	15 VH	<p>Property Strategy – Energy saving, and generation considered as part of new build/refurbishment projects.</p> <p>Transport strategy now agreed.</p> <p>Access to competent environmental advice.</p> <p>Environmental Strategy signed off September 2016.</p> <p>Procurement process considers ‘whole life’ implications of equipment and other products bought into service.</p> <p>When procuring services, tender requirements include assessment of environmental management skills of contractors.</p> <p>Collaborative working with the Environment Agency and partners at operational incidents.</p>	2	5	10H	<p>Develop environmental performance improvement targets.</p> <p>Develop environmental reporting to all levels of the Service, EDT, SLT and the CFA to allow transparency and scrutiny.</p>

Risk Scoring Matrix



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NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

MANAGEMENT OF OCCUPATIONAL ROAD RISK

Report of the Chief Fire Officer

Date: 29 March 2019

Purpose of Report:

To provide Members with an overview of the activities associated with the management of occupational road risk.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 The use of vehicles on Authority business remains one of the most significant risks on the Corporate Risk Register.
- 1.2 This key corporate risk is monitored and managed in part by the Service Health, Safety and Welfare Committee. The committee monitors progress against an action plan containing many risk mitigation measures.
- 1.3 The term Occupational Road Risk encompasses a range of driving activities undertaken by the Service including blue-light emergency response for fire appliances and officer cars in addition to other journeys made for the purposes of work including 'grey fleet' journeys.
- 1.4 This report provides Members with information on the costs associated with 2019-20 motor insurance renewal together with an overview of vehicle accident performance and progress against the road risk action plan.

2. REPORT

- 2.1 The management of Occupational Road Risk action plan can be found at Appendix A to this report. Members will note that the focus of the action plan relates to developing driver skills and behaviours with the aim of reducing the frequency of slow speed manoeuvring accidents. These actions are in addition to Nottinghamshire Fire and Rescue Service's (NFRS) routine driver training and other fleet management activities.
- 2.2 The Service has recently finalised insurance covers for the financial year 2019/20. The cost of the insurance has increased slightly from £158,762 to £167,818. This increase is attributed to a change to the make-up and value of the light fleet and is not as a result of vehicle claims history.
- 2.3 In addition to the work outlined as part of the road risk action plan, Nottingham Trent University has provided the Service with four driver training packages which are designed to be used to supplement existing driver training in the area of hazard perception. These are to be rolled out via the Service's E-Learning system.
- 2.4 Collaboration opportunities are being investigated with Nottinghamshire Police and with regional fire and rescue services to ensure that driver training syllabi are aligned to best practice.

3. FINANCIAL IMPLICATIONS

The effective management of occupational road risk is designed to reduce the frequency and severity of vehicle collisions and therefore reduce the financial consequences of both insured and uninsured losses.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

NFRS's Learning and Development Team are supporting the delivery of both practical and e-learning training to blue-light drivers.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report consolidates existing work streams that may themselves be subject to an equalities impact assessment.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 The failure of the Authority to effectively manage the risks to which it is exposed poses a risk, particularly where there is a systemic failure that could leave the Authority and individual managers at risk of legal action.
- 8.2 This report provides evidence of the risk control measures that have been implemented in respect of the risk of using vehicles on Authority business. It is evidence of Member involvement in gaining assurance as to the management of a significant risk.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

That Members note the actions which are being taken by the Service to reduce the risk associated with Occupational Road Risk.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

John Buckley
CHIEF FIRE OFFICER

Ref No	Action Title	Action Details	Owner	Start Date	End Date	Progress	Comments
1	Deliver event investigation training to all line managers to ensure the root cause of vehicle collisions is identified	Identification of root cause of events to maximise the opportunities for organisational learning. Root cause identification should contribute to effective performance data being available to support evidence from which decisions are based.	Health and Safety Advisor	01.10.18	01.04.19	On Track	Training arranged for May 2019
2	Update signaller e-learning and make available via NFRS-Learn to all employees	An updated e-learning package is required to ensure training provided to employees is based on good practice and is up to date. The package should be made available to all employees.	Training Delivery Manager	01.07.18	31.08.18	Closed	Signaller video filmed. Meeting on 24th July to have rough cut signed off by driving school. Narration then required to complete project for upload to LMS end of August.
3	Ensure vehicle checks for appliances are codified and communicated to drivers via official posters and RedKite	All drivers to complete vehicle checks at the start of each shift. A consistent approach required to ensure driver awareness in undertaking checks to the same standard.	Engineering Manager	01.07.18	07.11.18	Closed	Drivers now complete using Redkite, posters ordered.
4	Ensure training of drivers on courses includes the risks associated with low speed manoeuvring (where necessary include signaller training)	Performance data indicates most vehicle collisions occur when fire appliance drivers are conducting slow-speed manoeuvring. L&D to ensure that this is reflected in the course content of training courses by including tuition and assessment of slow speed manoeuvring.	Group Manager	01.07.18	07.11.18	Closed	Training sessions from slow speed manoeuvring will be delivered to all stations by the end of September. Red Kite PDS now includes low speed driving and end e-learning package will be complete by the end of September.

5	Service Delivery Line Management Engagement in vehicle collision reduction including nomination of Service Delivery lead for Road Risk	The Service communications plan identifies a range of interventions required to achieve the behavioural and cultural change necessary to reduce avoidable damage of Service vehicles. Actions required as documented in the communications plan.	Service Delivery Group Manager	01.07.18	31.01.19	Closed	Functional Management matrix in place and responsibility assigned.
6	Produce an article for the newsletter about the costs of vehicle collisions	The service communications plan identifies a range of interventions required to achieve the behavioural and cultural change necessary to reduce avoidable damage of Service vehicles. Actions required as documented in the communications plan.	Head of Corporate	01.07.18	15.03.19	Closed	An article to be produced and featured in the Operational Assurance bulletin explaining vehicle collisions costs 15th March.
7	Arrange for insurance consultants to present a road risk workshop to middle managers	The service communications plan identifies a range of interventions required to achieve the behavioural and cultural change necessary to reduce avoidable damage of Service vehicles. Actions required as documented in the communications plan.	Risk Manager	01.07.2018	01.03.19	Closed	Presentation delivered to Service Delivery middle managers 1 st March 2019.
8	Produce an article for the newsletter about Driving School and how drivers are trained. To include key aspects of training crews	The service communications plan identifies a range of interventions required to achieve the behavioural and cultural change necessary to	Group Manager Learning and Development	01.07.18	31.09.18	Behind Schedule	Corporate Communications team requested to 'interview' driver trainers. Group Manager, Learning & Development to assist in formulating an article

	are required to know.	reduce avoidable damage of Service vehicles. Actions required as documented in the communications plan.					incorporating 'interview' outcomes.
9	Communicate lessons learned from all events – including vehicle collisions	Organisational learning to be aligned with National Operational Guidance – good practice in Organisational Learning to include lessons learned from various sources such as case studies to ensure continual improvement of organisational performance.	Head of Corporate / Station Manager	01.07.18	31.10.18	Closed	Case study template in place. Internal communications channels used to communicate relevant local and national learning. Recommendations from vehicle collisions included as part of organisational learning system which is tracked via Service Health, Safety and Welfare Committee
10	Review driving safety section of the written safety policy	Review policy to ensure it is up to date and clearly defines roles and responsibilities. Once completed the policy should be published and communicated to all employees via NET Consent to provide auditable acknowledgement of the policy.	Health and Safety Advisor	01.10.18	15.03.19	Closed	Policy reviewed and subject to consultation to be published April 2019
11	Review skills development training for driver trainers	Ensure regular skills development training provided to driver trainers including consideration given to a coaching based approach, knowledge of human factors, individual differences and performance issues.	Group Manager	01.10.18	21.01.19	Closed	Driver trainers involved in driving event investigation as required. Driver Trainers met with insurance consultant to discuss coaching based approach, knowledge of human factors, individual differences and performance issues which may influence poor driving standards.

12	Review mini bus and PCV training	Review existing training to ensure that established Minibus Driver Assessment and Training Scheme (MiDAS) standards be applied to this type of skill evaluation and development.	Group Manager	01.06.18	31.07.18	Closed	Driving school appointed a dedicated D1 qualified examiner, D1 qualified examiner to review MIDAS standards.
13	Audit tax, MOT and insurance compliance of vehicles that are driven for work and are not owned by NFRS	Request that employees driving their own cars for work purposes provide proof of vehicle tax, business use insurance (including blue light cover where appropriate) and a valid MOT certificate for their vehicle.	Fleet Manager	01.01.19	01.04.19	Behind Schedule	
14	Presentations/training produced by Nottingham Trent University ready to be used a part of driver training.	Training packages to be obtained and used in conjunction with DVSA training for all drivers.	Health and Safety Advisor	01.07.18	30.04.19	On track	Presentations produced by Nottingham Trent University reviewed and packages now with Driving School. Driver trainer reports liaising with digital learning resource developer to create a new e-learning package incorporating the various tests created by NTU.