



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

**Minutes of the meeting held at Nottinghamshire Fire and Rescue Service Headquarters -
Bestwood Lodge Drive, Arnold, Nottingham, NG5 8PD on 22 April 2022 from 10.01am -
11.00am**

Membership

Present

Councillor John Clarke (Chair)
Councillor Callum Bailey
Councillor Steve Battlemuch
Councillor Eddie Cubley

Absent

Councillor John Lee
Councillor Toby Neal

Colleagues, partners and others in attendance:

Craig Parkin – Chief Fire Officer
Becky Smeathers – Treasurer and Head of Finance
Leila Henry – Head of Risk, Assurance and Operational Training
Phil Dent – Internal Audit, Nottinghamshire County Council
Catherine Ziane-Pryor – Governance Officer

25 Apologies for Absence

Councillor Toby Neal -Leave
Councillor John Lee
Rob Disney – Head of Internal Audit NFRS

26 Declarations of Interests

None.

27 Minutes

The minutes of the meeting held on 21 January 2022 were confirmed as a true record and signed by the Chair.

28 Revenue, Capital, and Prudential Code Monitoring Report to February 2022

Becky Smeathers, Treasurer to the Authority and Head of Finance, presented the report which informs the Committee of the financial performance of the Service and Prudential Code Monitoring to the end of February 2022.

It is noted that within table 4, Prudential Code Monitoring, that the figure stated for Actual Borrowing should read £32,932 and not £28,932. This is a typing error and does not impact on the other figures provided.

Highlighted points included the following:

- a) a projected overspend of £116,000 was reported to the Committee in January so the Service has worked hard to draw that money back and is now predicting an underspend of £234,000, in part as a result of holding some vacant posts;
- b) Appendix A to the report outlines the areas of under and overspend;
- c) transport costs are forecast to overspend by £106,000 although underspends are predicted from the following:
 - i. Vehicle equipment £65,000
 - ii. Officers car leases £86,000
 - iii. Mileage and public transport costs £61,000
 - iv. Vehicle insurance £54,000
- d) reserves are slightly higher than anticipated at £9.993m;
- e) the Capital Programme 2021/22 expenditure is anticipated to be £6.161m, £4.845m relates to estates work. Although the contribution from the Service towards the new Headquarters has been capped, the cost of the work has risen significantly and so expectations of what can be provided may have to be revised;
- a) to take advantage of the low rates for borrowing during January, planned borrowing was brought forward from later in the year as this made good financial sense;

Committee members' questions were responded to as follows:

- b) initially there were proposals for the new Eastwood Fire station to also host a base for East Midlands Ambulance Service, but this has changed and following a feasibility study, the station will still be built with the facilities to host partners or community facilities but any external occupation will require formal approval;
- c) with regard to pension costs, following the outcome of the McCloud case, the Service is holding funds to the known level required but as the final cost has not yet been determined and is unlikely to be known before October 2023. The creation of a £200k Earmarked Reserves is recommended for this purpose;

- i) the Policy and Strategy Committee has agreed that the arrangements set out within the initially issued and then withdrawn McCloud statement can be followed until alternative arrangements are announced by Central Government. This will reduce the detriment to staff who have already or are about to retire. There is a risk that if the Service makes payments prior to any formal guidance, then the Service will be liable to carry any costs which differ from the later issued procedure. However, without this provision, there is potential for the Service to be legally challenged, which would be costly to the Service, added to which waiting until the legislation is enacted would not be fair to retired and retiring staff. In support of the Service's action, the FBU have provided a letter stating that they would take the Service to court on age discrimination if staff were not financially supported, which further strengthens the Service's position;
- j) every year there is a shortfall of pension income in the region of £8-10 million which is met from Central Government. As a result, the new pension scheme was introduced with a view to reducing the overall cost met by Central Government. The transition from the old scheme to the new is what has been challenged with regard to age discrimination;
- k) the pension issues also effects On-Call employees who are now able to backdate their membership to the scheme to their start date with the service. This does result in additional pressures on the Service with regards to implementation as data is not readily available going sufficiently far back.

Resolved

- 1) to note the contents of the report;**
- 2) to approve slippage of £1.166m for the rescue pumps to be slipped into 2022/23;**
- 3) to approve the creation of a £200k earmarked reserve to mitigate the financial risks arising from the McCloud pension remedy.**

29 Internal Audit Report 2021/22 Update

Becky Smeathers, Treasurer and Head of Finance, introduced the report which provides the following 3 complete and 1 nearly completed of the 7 Internal Audit reports for 2022:

- i. Payroll Controls
- ii. Financial Management Code
- iii. Asset Disposals
- iv. Performance Management

In the absence of Rob Disney, Phil Dent, Internal Auditor for Nottinghamshire County Council, was in attendance to respond to member's questions.

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

- a) to date a minimum of limited assurance (for asset disposal) has been issued up to substantial (for payroll);

- b) as there have been some issues for concern regarding the asset disposal of some other Fire Services, an audit was requested by NFRS and whilst no specific issues have been identified, it is noted that there hasn't always been compliance to the approved procedures, particularly regarding fleet and IT assets. An update report will be submitted later in the year;
- c) the performance management audit is incomplete as the information couldn't be tested but most procedures and policies seem to be in place but are yet to be examined;
- d) an audit of ethical policies and procedures has been drafted and will be reported to a future meeting of the Finance and Resources Committee;
- e) audits on pensions and property and premises are in progress;
- f) action tracking is yet to be completed;
- g) the final Audit report is scheduled to be submitted to the Finance and Resources Committee meeting on 24 June 2022;
- h) a total of 70 decommissioned Fire and Rescue vehicles from across the country have been sent to the Ukraine. Some will be light vehicles such as cars and vans, not just appliances;
- i) the used vehicle market is quite buoyant at the moment so the Service may consider early disposal of some vehicles;
- j) vehicles are rotated between busy and less busy sites to ensure that usage and wear is averaged;
- k) the majority of vehicles are expected to last between 10 and 15 years with specialist equipment such as aerial ladders lasting 15 years, but this will depend on usage;
- l) an annual audit plan will be submitted to a future meeting and members contribution and feedback would be welcomed;
- m) achieving value for money is important and audits can identify where there are areas for improvement, so are a valuable resource.

Members of the Committee requested further information on the policies determining when and how assets are disposed of.

Resolved to note the report.

30 CIPFA Financial Management Code Update

Becky Smeathers, Treasurer and Head of Finance, presented an update report which informs the Committee of progress made against the implementation of the CIPFA Financial Management Code

Of the 17 standards identified to ensure sustainable and effective financial management, following an internal review by Becky Smeathers, 6 were recognised as 'amber'. In order to verify the position, Internal Audit were requested to undertake a formal audit.

The 6 areas requiring improvement are outlined in the appendix to the report with all but one, 'Governance and Financial Management Style' now resolved and issues being addressed. Work is ongoing on the remaining area for improvement, with the Monitoring Officer reviewing Governance, and the revised website is being launched, which once both are completed, will satisfy the requirements and a further report will be submitted to the Committee.

Resolved to note the report.

31 Corporate Risk Management

Leila Henry, Head of Risk and Assurance, presented the report which highlights areas of significant risk and includes the most up to date risk register for the Service.

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

- a) there are currently significant global issues which impact on the potential risk to the Service such as rising inflation, the war in Ukraine and leaving the European Union, all of which are impacting on the Service, particularly with regard to supply chains;
- b) under current arrangements risk management is working well;
- c) significant areas of risk which have already been discussed in the meeting include pensions and the as of yet to be determined by Central Government actions resulting from the McCloud case;
- d) the report recommends that 2 risks are removed from the register although these could be re-escalated if ever necessary:
 - i. use of vehicles on Authority business (risk 10) as incidents have significantly reduced and types of incidents are low impact; and
 - ii. COVID-19 (risk 14) have seen less disruption to the workforce;
- e) insurance renewal has been based on an inflationary increase so some costs have increased;
- f) cyber risk insurance has increased as a result of home working and general increasing risk but work is ongoing to mitigate risk and reduce premiums;
- g) direct contact with some suppliers in the European Union is no longer possible although this is not a critical impact on the Service at this time, it needs to be recognised and it may impact on other factors;
- h) vehicles can still be bought from EU suppliers but it's taking longer and costs may rise but it is vital to maintain reliable vehicles;

- i) there is no immediate critical need but the Service needs to adapt in future years, including possibly ordering earlier, which can also reduce the final cost;
- j) the Service lifetime of vehicles has been reassessed and extended from 10 years to 12 and 15 years for most vehicles to gain the best value for money;
- k) the impact of COVID continues to be monitored and it is not considered high or very high risk to the Service so wouldn't be reported to the Committee, but if this situation were to change, the Committee would be informed.

Resolved

- 1) to note the most recent version of the Corporate Risk Register and the work ongoing to mitigate risks to the Authority;**
- 2) to note the slight change in format of the Corporate Risk Register to assist with readability and visibility of the changing risk landscape of the Service;**
- 3) to remove Risk 10 (use of vehicles on Authority business) and Risk 14 (Covid-19) from the Corporate Risk Register.**

32 Exclusion of the Public

Resolved to exclude the public from the meeting during consideration of the remaining item in accordance with Section 100A of the Local Government Act 1972, under Schedule 12A, Part 1, on the basis that, having regard to all the circumstances, the public interest in maintaining an exemption outweighs the public interest in disclosing the information.

33 Disposal of Surplus Land at Worksop Fire Station

Becky Smeathers Treasurer to the Authority and Head of Finance, presented the report.

Resolved to agree the recommendations as set out in the report.