

# Public Document Pack



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

**Date:** Friday, 22 April 2022      **Time:** 10.00 am

**Venue:** Nottinghamshire Fire and Rescue Service Headquarters - Bestwood Lodge  
Drive, 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 be 'M. J. [unclear]'. The signature is written in a cursive style.

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

<b>Agenda</b>	<b>Pages</b>
<b>1 Apologies for Absence</b>	
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<b>3 Minutes</b> Minutes of the meeting held on 21 January 2022, for confirmation	3 - 8
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**8 Exclusion of the Public**

To consider excluding the public from the meeting during consideration of the remaining items 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

**9 Disposal of Surplus Land at Worksop Fire Station**  
Report of the Chief Fire Officer

105 - 110

**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 Governance Officer shown on this agenda, if possible before the day of the meeting.**

Governance Officer:

*Catherine Ziane-Pryor*  
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*catherine.pryor@nottinghamcity.gov.uk*

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<http://committee.nottinghamcity.gov.uk/mgListCommittees.aspx?bcr=1>

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**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 21 January 2022 from 10.05am  
- 10.55am**

**Membership**

Present

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

Absent

Councillor Johnno Lee

**Colleagues, partners and others in attendance:**

Candida Brudenell - Assistant Chief Fire Officer  
Becky Smeathers - Head of Finance and Treasurer to the Fire Authority  
Catherine Ziane-Pryor - Governance Officer, Nottingham City Council

**18) Apologies for absence**

Councillor Johnno Lee

**19) Declarations of interest**

None

**20) Minutes**

The minutes of the meeting held on 15 October 2021 were confirmed as a true record and were signed by the Chair.

**21) Revenue capital and potential code monitoring report to 30 November 2021**

Becky Smeathers, Head of Finance and Treasurer to the Fire Authority, presented the report which informs the Committee of the financial performance for the 2021/22 financial year to the end of November 2021.

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

- a) To the end of November 2021, the Service has overspent revenue by £116,000, which although significant, is not substantial in the scope of the overall budget of £46.703m;
- b) £84,000 of the overspend can be attributed to wholetime pay associated with supporting partner agencies with the COVID-19 response, including administering vaccinations. However, once secondment costs are recovered, there is an underspend 0.7% against the wholetime pay budget;
- c) There has been an overspend of £293,000 on on-call pay, with contributing elements, including on-call staff being more widely available due to furlough from their full-time roles, and accepting additional, modified duties to support communities through COVID-19, which then also had impact on the average cost of sick pay which is based on average earnings;
- d) There is an underspend £92,000 on non-uniformed pay. This is mostly due to a current vacancy level of 11%, when only 3% is predicted. The most significant vacancies are within the IT and Finance Teams where recruitment has been difficult, possibly due to the wages available for the skill level required (being significantly lower than the private sector) and the ongoing reduction of Service benefits which had previously made roles attractive. This is an issue which affects the whole of the public sector. A new approach is required and this may include the provision of training to professional qualification levels, or approaching graduates who require experience. One of the main Service benefits is the pension, which is generally of lower interest to younger potential applicants;
- e) Although within the transport budget savings have been achieved, maintenance issues have been ongoing for several years. The Service needs to ensure that the budget is adequate for the work required;
- f) Within the Capital Programme, the contract for the construction of the joint headquarters was £150,000 below the initial budget, but further costs have been identified regarding the alterations and refurbishment of the existing buildings;
- g) The 2022/2023 budgets will be revised to reflect the additional costs associated to the construction of Worksop's Fire Station;
- h) Additional water rescue equipment has been specified by DEfRA and will cost more than predicted, but can be funded from underspend in other areas;
- i) The rise of inflation, now at 5.4%, is obviously having a negative impact on the majority of budgets;
- j) As set out on table 4 of the report, the Service is operating within all agreed Prudential Indicators.

Members of the committee suggested that with regard to recruitment consideration should be given to the City Council's approach, and that's when advertising posts, the focus is not merely on the pay, and that's the terms and conditions and benefits of the role are promoted, as these are often far better than the private sector offers.

## Resolved

- 1) to note the report;
- 2) to approve a £13,700 addition to the Capital Programme for the purchase of equipment required for the National Inter-agency Liaison Officers (NILO) activity. The equipment will be funded using a capital grant;
- 3) to approve the £25k increase in the water rescue equipment capital budget to be funded from underspends on the Fire Gloves project (£11k) and the Vehicle CCTV Project (£14k).

## 22) Budget Proposals for 2022/23 to 2025/26 and Options for Council Tax 2022/23

Becky Smeathers, Head of Finance and Treasurer to the Fire Authority, presented the report which provides the Committee with the background to the budget, including current pressures, and options for Council Tax for 2022/2023 to recommend to the Authority for acceptance.

In addition to the detailed information provided in the report, the following points were highlighted and responses provided to members' questions:

- a) The information provided in the report was based on the inflation rate of 5% at the time of publication, this has now risen to 5.4%, and is predicted to reach 6% by April. This will have huge impacts on the budget with regard to pay awards (agreed on a national basis);
- b) The 50% price rise of utilities, such as gas, electric and fuel, is estimated to have an impact of costing the Service an additional £0.5 million;
- c) The Draft Local Government Finance Settlement has provided draft grant figures for 2022/2023 only. No figures for future years have been provided - it has been presumed that future grants will be of a similar level;
- d) The revenue support grant has increased by 3%, but is also required to cover the National Insurance increase of 1.25%;
- e) The Section 31 revenue grant of £2.3 million partly covers the cost of increased employer superannuation rates, but the grant has not increased (even with inflation) in the past four years, resulting in an effective loss of £50,000 per year to the Service;
- f) The additional service grant was anticipated to be £500,000, but it is welcomed that the allocation is £750,000;
- g) Savings will be achieved from moving to the joint headquarters with the Police, as parts of the current Fire Service headquarters are old and will soon require substantial work. At the new headquarters, the Service will contribute a maintenance charge, but savings are predicted to be longer term. The capital receipt from the sale of the current headquarters site will fund the Capital Programme, which will help save on future longer term borrowing. The outcome of the Planning Application for the site of the current headquarters, which will affect the value of the land should be known by mid-February and members will be informed;

- h) With additional costs, the Service continues to look for savings. So far £1 million in savings per year has been identified, although some are only temporary and a longer term view is required. Response and prevention continue to be a focus for the Service, particularly around road safety messages as road traffic incidents are currently high which has resulted in road safety promotions;
- i) Due to the unknown future, the Service will work to maintain the current reserves which are anticipated to be £9.3 million;
- j) Savings which have been built into the 2022/2023 budget include a reduced increase in the on-call budget, an increase in the vacancy factor for non-uniformed staff, a reduced training budget to reflect current need, transport (including officer car leasing and travel expenses which were reduced as a result of online meetings and training), and non-essential repairs and maintenance;
- k) Collection of Council Tax has been slightly better than expected but funding from business rates will not be known until later in the month;
- l) The report sets out the impact on the Service of a nil Council Tax rise, which will result in a budget deficit, and also the impact of a 1.95% Council Tax increase and level grant funding, which also results in a budget deficit, although much lower;
- m) If the Committee were to agree a 1.95% Council Tax increase, this would provide the Service with additional funding of £528,000 for 2022/2023, and result in an increase of £1.62 per annum to a Band D household Council Tax bill.

Members of the committee made the following comments:

- n) There is no option for the Service other than to set a 1.95% increase in Council Tax;
- o) Pressures are too unpredictable at the moment and 1.95% increase is clearly justifiable;
- p) All public sectors are in the same position every year, but the Council Tax contribution to the Fire Service overall is quite small. If it is decided not to implement a 1.95% increase then there will potentially be cuts to Services. For the benefit of greater good, a rise in Council Tax is required;
- q) The Council Tax should be raised for this budget, but careful consideration should again be given in future years when it is clearer how savings can be made;
- r) Although not a big increase, it is an increase and members of the Authority are mindful of the impact on citizens who are also experiencing multiple rising costs, but the necessity of the Fire and Rescue Service is unquestioned;
- s) Not only will moving to the joint headquarters provide savings, it also opens up significant opportunities and potentially further savings including investment in people.

**Resolved to recommend to the Fire Authority a Council Tax increase of 1.95%.**

**23) 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.**

**24) Exempt minutes**

**The exempt minutes of the meeting held on 15 October 2021 were confirmed as a true record and signed by the Chair.**

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**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

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

# REVENUE, CAPITAL, AND PRUDENTIAL CODE MONITORING REPORT TO FEBRUARY 2022

Report of the Chief Fire Officer

**Date:** 22 April 2022

**Purpose of Report:**

To report to Members on the 2021/22 financial performance of the Service and Prudential Code monitoring to the end of February 2022.

**Recommendations:**

It is recommended that Members:

- Note the contents of this report;
- Approve slippage of £1.166m for the rescue pumps to be slipped into 2022/23;
- Approve the creation of a £200k earmarked reserve for costs arising from the McCloud pension remedy.

## CONTACT OFFICER

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## 1. BACKGROUND

- 1.1 Budget monitoring is a key aspect of financial management for the Fire 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 This report covers those areas with a higher risk of significant variance. 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.
- 1.3 Monitoring against the revised prudential indicators is also included in this report, as required in the Prudential Code published by the Chartered Institute of Finance and Accountancy (CIPFA).

## 2 REPORT

### REVENUE BUDGET

- 2.1 The revenue monitoring position is set out in Table 1 below. It shows a forecast outturn position of £46.107m, which is a £234k underspend against the revised budget of £46.341m.

**Table 1 – Summary Expenditure and Funding Position**

	<b>2021/22 Budget £'000</b>	<b>Revised Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
Net Expenditure	45,302	46,341	46,107	(234)
Revenue Support Grant	(5,452)	(5,452)	(5,452)	0
Business Rates (including related grants)	(10,860)	(10,860)	(10,860)	0
Pension Grant	(2,340)	(2,340)	(2,340)	0
Council Tax	(26,650)	(26,650)	(26,650)	0
General Fund	0	0	234	234
Earmarked Reserves	0	(1,039)	(1,039)	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 2.2 A more detailed analysis of expenditure can be found at Appendix A. Major variances on specific budgets are shown below.
- 2.3 **WHOLETIME PAY:** The forecast for total wholetime pay is £93k below the revised budget. However around £330k of expenditure has arisen from activities relating to the Covid-19 pandemic and most of the costs are recoverable. When recovered costs and secondment income are taken into consideration there is an overall underspend of £397k. More details about the cost of supporting the vaccination programme can be found at section 2.7 below.
- 2.4 **ON-CALL PAY:** Overall, on-call pay is expected to overspend by £197k. The main areas of overspend are turnout payments and payments relating to sickness absence and modified duties. The number of turnout hours claimed during the first 11 months of the year is higher than the same period in 2020/21. Turnout payments are difficult to forecast as they are driven not only by the number of incidents, but also by the duration of the incidents and by the numbers of people crewing the appliance. The payment rate received by individuals for both sick pay and modified duties is based on their earnings from the previous year which were inflated due staff being available during lockdown and the increased activity due to the service's response to Covid.
- 2.5 **NON-UNIFORMED PAY:** non-uniformed pay is expected to underspend by £167k (after compensating for secondment income, posts being funded from grants, and expenditure being recovered from partner agencies). The budget calculation assumes a vacancy level of 3% but the current level is 11%.
- 2.6 **PENSION COSTS:** pension costs, including scheme sanction charges, are expected to overspend by £75k. This is largely due to the creation of an accounting provision for estimated costs relating to the McCloud remedy. It is possible that additional provisions will be created once more details of the cases and their likely financial impact on the Authority are known. There is currently a lot of uncertainty around the overall financial impact of the McCloud remedy. For this reason, it is recommended that a new earmarked reserve of £200k is established in 2022/23 in order to mitigate this risk.
- 2.7 **VACCINATION PROGRAMME:** The Service has provided both uniformed and non-uniformed staff to the Covid-19 vaccination programme. During the period from 1 April to 6 Feb over 20,000 staff hours have been provided. The majority of the costs have been reclaimed from the clinical commissioning group, and the deficit of £41k has been funded from an NHS Support Covid grant received from the Home Office.
- 2.8 **TRAINING COSTS:** the forecasted underspend of £80k has two underlying causes. Firstly, many training courses have switched from in-person delivery to webinars and online conferences, and this has reduced training costs. The second factor is that some departments are focussing on their core business in order to catch up on projects and workloads affected by

the pandemic, and as a result some development training has been delayed.

2.9 **TRANSPORT COSTS:** the forecasted overspend is £106k. This is largely comprised of the following significant variances:

- The budget for vehicle equipment is expected to underspend by £65k. The budget includes an amount for national resilience vehicles which is no longer required, and the budget for 2022/23 has been reduced accordingly.
- Unplanned fleet maintenance is expected to overspend by £305k. The budget assumed that 6,000 hours would be required for labour, but the total number of labour hours so far this year significantly exceeds this amount. This is partly due to an ageing fleet. Budget holders are working with VIA to prioritise the fleet repairs for the rest of 2021/22, and the issue is being addressed in the 2022/23 budget.
- The budget for officers' car leases is expected to underspend by £86k. The £42k budget for car leasing is no longer required as the contract has now ended, so this budget has been removed for 2022/23. £6k of invoices that no longer need to be paid have been credited back to the account. In 2018/19 a provision was created for the estimated cost of tax charges relating to officers' car leasing. The actual cost of £32k has now been settled and was considerably lower than first estimated. The remaining unused provision of £38k has been credited back to revenue, increasing the total underspend to £86k.
- The budgets for mileage and public transport costs are expected to underspend by a total of £61k as more meetings and training events are now taking place online. The decrease in detachments due to measures put in place to reduce the spread of the Covid-19 virus between stations has also affected spending on mileage payments.
- The fuel budget is expected to overspend by £33k. Fuel prices are rising, and the number of miles driven by Service vehicles has increased. This is partly due to an increase in the number of Safe and Well visits carried out.
- There is a £54k underspend relating to vehicle insurance due to a retendering of the contract. Further details of the insurance contract can be found in paragraph 2.11.

2.10 **PREMISES COSTS:** the forecasted underspend is £35k. The majority of this variance relates to business rates, which is expected to underspend by £51k. A review of business rates has been carried out and this has led to the Authority receiving refunds of £265k for 2020/21 (net of £97k in fees paid to the surveyors). Further refunds are expected for 2021/22. It is possible that the Authority will also receive a business rates refund relating

to Headquarters, but as it is not certain at this stage this has not been included in the estimated outturn.

- 2.11 **SUPPLIES & SERVICES:** the forecasted overspend is £11k. There have been significant underspends on insurance due to savings on the new contract (£99k) which has offset overspends in audit fees(45k), operational equipment (£41k).
- 2.12 **SALES, FEES & CHARGES:** The forecasted surplus of £286k mostly relates to the recovery of costs related to Covid-19 related activities. This has been used to offset the additional costs included in the paragraphs above.
- 2.13 **OTHER INCOME:** There is a forecasted surplus of £431k relating to other income. £240k of this relates to government grants, including £63k for fire protection, £29k for Firelink, £77k for ESMCP. There is also a £181k surplus relating to apprenticeship levy income, which was not budgeted for as it was not clear at the time how much income the Authority could expect to receive. An estimate for this has been included the budget for 2022/23.
- 2.14 **CAPITAL FINANCING COSTS:** There is a forecasted overspend of £331k. The net overspend is comprised of the following variances:
- Interest charges are expected to underspend by £46k as interest rates have been lower than anticipated. The Authority borrowed £2m from the Public Works Loan Board in October and a further £4m in January. This enabled the Authority to secure debt at relatively low rates before bank rate increases and higher inflation began to push up gilt yields and therefore PWLB rates.
  - Minimum revenue provision (MRP) charges are expected to underspend by £21k. This is due to a decision to fund some ICT capital expenditure from a revenue contribution to capital in 2020/21.
  - It is proposed to utilise up to £400k revenue funding to finance the capital programme in order to fund short life equipment. This will reduce the minimum revenue position over the next 5 years and assist with reducing the budget deficit detailed in the budget report to Fire Authority in February 2022. The funding for the Capital Programme will be confirmed in the final outturn report to this Committee on 24 June 22.

## RESERVES

- 2.15 Details of the use of reserves during 2021/22 can be found in Appendix B.
- 2.16 Expected levels of reserves at 31 March 2022 are £9.993m as detailed in Table 3 below.

- 2.17 The opening balances as at 1 April shown in the table below are provisional and may change, as the audit of the 2020/21 Statement of Accounts has yet to be finalised.

**Table 3 – Anticipated Movement in Reserves 2021/22**

<b>Reserves</b>	<b>Balance 01/04/21 £'000</b>	<b>Anticipated Use 2021/22 £'000</b>	<b>Expected Balance 31/03/22 £'000</b>
Contributions from earmarked reserves <sup>1</sup>	5,529	(959)	4,570
General Fund <sup>1</sup>	5,087	234	5,321
<b>Total</b>	<b>10,616</b>	<b>(725)</b>	<b>9,891</b>
<b>ESMCP<sup>2</sup> Regional Reserve<sup>1</sup></b>	182	(80)	102
<b>Total</b>	<b>10,798</b>	<b>(805)</b>	<b>9,993</b>

<sup>1</sup> Provisional opening balance figures

<sup>2</sup> Emergency Services Mobile Communications Programme

- 2.18 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 Nottinghamshire Fire and Rescue Service (NFRS).
- 2.19 The general reserve is predicted to be £5.321m at the end of the financial year. This is above the minimum level of £4.5m agreed by Fire Authority in November 2021.
- 2.20 The Authority received Covid-19 grants from central government totalling £1.211m. At 31 March 2021 the unspent balance of £453k was transferred to an earmarked reserve and carried forward to 2021/22. The entire balance of this earmarked reserve has now been spent. The Authority will continue to record additional expenditure arising as a result of the pandemic even though the government funding has been spent, so that the impact on the revenue budget can be assessed. The earmarked reserve has been allocated as follows:

<b>Expenditure description</b>	<b>Total 2021/22 £'000</b>
Employee costs	326
Premises costs	41
Transport costs	19
Supplies and Services costs	67
<b>Total</b>	<b>453</b>

## **CAPITAL PROGRAMME**

2.21 The 2021/22 Capital Programme approved by Fire Authority in February 2021 was £5.835m. After the addition £2.741m slippage from 2020/21 of and other adjustments approved this year (mostly timing adjustments for Worksop Fire Station and Eastwood Fire Station), the revised Capital Programme for 2021/22 is £9.9m. The total capital spend to date is £5.165m and the forecast outturn expenditure is £6.161m. The current capital programme is shown at Appendix C. The most significant areas of variance are detailed below.

## **ICT**

2.22 The ICT programme has been developed from the Digital Strategy. It includes replacement equipment and software and supports the specific schemes which underpin the strategy.

2.23 The Human Resources (HR) system upgrade was a 2020/21 project created to enable document scanning to retain documents electronically ahead of the move to the new joint Headquarters. Additional expenditure of £8k has been incurred on the project. This will be funded from underspends elsewhere in the capital programme.

2.24 The £185k Rostering project has been slightly delayed and slippage in the region of £35k is anticipated. This will be monitored, and the underspend will be requested to be slipped into 2022/23.

2.25 The ICT Replacement Programme is used to replace equipment that has reached the end of its life. A review of the programme has recently been undertaken and it has become apparent that some IT equipment has not been included in the programme, particularly the IT equipment at stations which is becoming obsolete and now needs replacing as a matter of urgency. A robust long-term plan is now being put in place and future budgets will be reviewed as part of the budget process.

2.26 The Performance Management System project is now complete.

2.27 The Emergency Services Mobile communications project, Tri service and Emergency Services Network original timeframe has slipped nationally, and it is currently anticipated that £302k will be slipped into 2022/23 at this stage.

2.28 The Occupational Health system original budget may prove to be insufficient for the project - an additional £18k is available in Earmarked Reserves for this purpose should it be required.

## **ESTATES**

2.29 The new build (project phase 3 works) at Joint Head Quarters is 99% complete with the Notts Police and NFRS granted occupation in late January 2022, there are however some outstanding tasks preventing practical completion from being issued. Due mechanical and electrical design the

savings gained at tender have now been expended bringing the budget back to the original £18m of which NFRS has a liability capped at £3.461m, which we will be expected to pay. Phase 4 works (alterations and refurbishment of the existing buildings) have returned tender prices £750k over the pre-tender estimate.

- 2.30 Value Engineering is being carried out with the preferred bidder to reduce this amount, however it is likely the overall project budget will be overspent by over half a million pounds, that said NFRS should not be expected to contribute more than the capped amount. Phase 4 works are due to complete in August 2022, which may delay the closing of Bestwood Lodge. Other project works include the relocation of Stores and the Diesel Fuel Tank which are still in the design stage but forecasted to complete in July 2022. The overall NFRS JHQ project is forecasted to be slightly under the approved budget of £4.5721m.
- 2.31 Worksop Station - The project is progressing well and is still forecasted to complete at the end of April 2022.
- 2.32 Eastwood Station – A feasibility study costing £16k for a new Fire and Ambulance station in Eastwood is nearing completion, the results of which will be considered in the proposed revision of the 2022-2025 Property Strategy. The initial early results are the new Fire and Ambulance station constructed on the existing site would cost in the region of £3.5m with EMAS' capital contribution of £1.5m. Unfortunately EMAS, on receiving the benchmark figures and after previously committing to the project have now withdrawn, meaning the original study is now flawed. A request to redo the study for a Fire Station only has been submitted and a revised fee proposal is awaited.
- 2.33 Hucknall Fire Station project is now complete with an underspend of £80k, it is no longer required for 2021/22 a capital receipt of £385k for the sale of Hucknall will be used to finance the capital programme.

## **EQUIPMENT**

- 2.34 The CCTV and the Airbag Replacement projects are now complete.
- 2.35 The Fire Gloves project £104k was approved July 2021, with an additional £50k in and Earmarked reserve. This project is now underway and required sizes for staff are being collated. The order has been placed, however due to delays in the supply chain these may not arrive before the end of the year and is this is the case the budget will be required to slip into 2022/23.
- 2.36 The Department for Environment, Food and Rural Affairs (DEFRA) have drawn up the specification for the water rescue equipment, which has been adopted by NFRS. The tender process is now complete, but the tender price has come in over the initial budget approval has been granted for underspends within the capital equipment be used to fund the additional £25k required. This project will now be delayed due to the lead time so the slippage of £105k will be required to be carried forward to 2022/23.

- 2.37 The Airbag project is now complete.
- 2.38 The National Inter-agency Liaison Officers (NILO) and Specialist Responders project was added to the capital programme in January 22 following the receipt of a £13,700 capital grant to purchase equipment. This project is expected to slip into 2022/23.

## **TRANSPORT**

- 2.39 The Fleet Replacement programme is derived from the Fleet Strategy and reflects current and future expected demand.
- 2.40 The Rescue Pump Budget of £1.018m is for the purchase of fire appliances. The specification has been finalised and the tender progress is in progress with the order likely to be raised in April. The lead time is expected to be approximately 12 weeks due to extended delivery times in the vehicle industry following Covid-19. Therefore, it is requested that the budget of £1.166m be slipped into 2022/23.
- 2.41 The light vehicles budget for 2021/22 of £179k, is for the purchase of 6 pool vehicles (£111k) 1 stores vehicle (£21k) and a principal officer's vehicle (£47k). Due to a worldwide shortage of parts, current new vehicles lead times are rather long. The £179k is likely to now be required in 2022/23.

## **PRUDENTIAL CODE MONITORING**

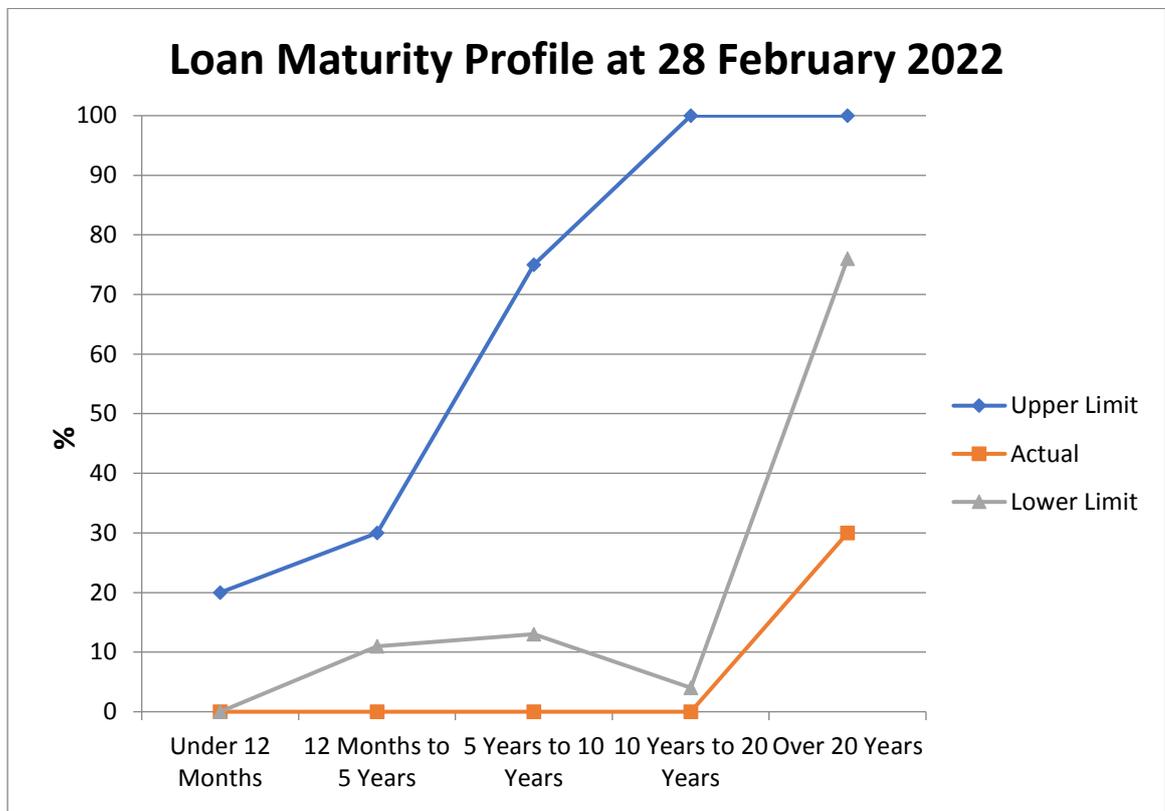
- 2.42 The Fire Authority approved the prudential indicators for 2021/22 at its meeting on 26 February 2021. The Prudential Code requires that performance against these indicators is reported to Members.
- 2.43 The approved indicators along with performance as of 31 February 2022 are shown in the table below. There are some indicators which cannot be calculated until the year end expenditure is known.

**Table 4 - Prudential Code Monitoring**

<b>Prudential Indicator</b>	<b>Approved Indicator</b>	<b>As at 28 February 2022</b>
Estimate of Ratio of Financing Costs to Net Revenue Stream	5.4%	Year End Only
Estimate of Total Capital Expenditure to be Incurred	£5,835,000	Year End Only
Actual Borrowing		£28,932,000
Estimate of Capital Financing Requirement	£31,971,000	£31,971,000
Operational Boundary	£33,959,000	£33,959,000
Authorised Limit	£38,255,000	£38,255,000
Upper limit for fixed rate interest exposures	100%	100%
Upper limit for variable rate interest exposures	30%	30%
Loan Maturity:	<u>Limits:</u>	
Under 12 months	Upper 20% Lower 0%	See Graph
12 months to 5 years	Upper 30% Lower 0%	See Graph
5 years to 10 years	Upper 75% Lower 0%	See Graph
Over 10 years	Upper 100% Lower 0%	See Graph
Over 20 years	Upper 100% Lower 30%	See Graph
Upper Limit for Principal Sums Invested for Periods Longer than 365 Days	£2,000,000	0
Upper limit for internal borrowing as a % of the Capital Financing Requirement	20%	-2.84%

2.44 The total borrowing at the end of March 2022 was £32.9m, including £2m taken in January to take advantage of low rates. This exceeds the Estimate of Capital Financing Requirement, but within the Operational and Authorised Limits set out in Table 4. The Authority should ensure that gross debt does not except in the short term, exceed the total capital financing requirement in the preceding year plus the estimate of any additional capital financing requirement for the current and next two financial years. The Service will be undertaking a review of the long-term capital programme in the coming months to ensure it best meets the needs of the Community Risk Management Plan and ensures the long-term sustainability of the Authorities resources. This is expected to deliver efficiencies which will keep the CFR within the £40m limit which has been approved for future years.

2.45 The loan maturity profiles are all within the limits set. These are best demonstrated by graph:



2.46 Investments as of 31 March 2022 totalled £8m. Investment rates are monitored within the benchmarking group supported by Link Asset Services. There are seven councils and NFRS within the group. As at the end of December 2021, NFRS weighted average rate of return was 0.15%, compared with a group average of 0.17%.

### 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. EQUALITIES 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 Police. 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 slippage of £1.166m for the rescue pumps to be slipped into 2022/23.
- 10.3 Approve the creation of a £200k earmarked reserve to mitigate the financial risks arising from the McCloud pension remedy.

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

None.

Craig Parkin  
**CHIEF FIRE OFFICER**

**REVENUE BUDGET MONITORING POSITION  
AS AT 28 FEBRUARY 2022**

<b>Budget Area</b>	<b>Annual Budget £'000</b>	<b>Revised Budget £'000</b>	<b>Exp to Date £'000</b>	<b>Forecast Outturn £'000</b>	<b>(Under) / Over Spend Against Revised budget £'000</b>
Employees	36,140	37,141	33,915	37,221	80
Premises	2,801	2,839	2,062	2,804	(35)
Transport	1,794	1,823	1,666	1,929	106
Supplies & Services	3,757	3,959	3,361	3,970	11
Third Party	783	883	546	873	(10)
Support Services	177	166	52	166	0
Capital Financing Costs	2,431	2,488	1,979	2,818	330
Fees and Charges	(362)	(374)	(440)	(660)	(286)
Other Income	(2,220)	(2,584)	(767)	(3,015)	(431)
<b>Net Cost</b>	<b>45,302</b>	<b>46,341</b>	<b>42,374</b>	<b>46,107</b>	<b>(234)</b>
<b>Financed by:</b>					
Government Funding	(12,729)	(12,729)	(11,816)	(12,729)	0
Non-Domestic Rates	(2,010)	(2,010)	(2,515)	(2,010)	0
Council Tax	(26,650)	(26,650)	(23,985)	(26,650)	0
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	0
Business Rates Covid Relief Grant	(1,573)	(1,573)	(1,573)	(1,573)	0
Earmarked Reserves	0	(1,039)	(1,039)	(1,039)	0
General Reserve	0	0	0	234	234
<b>Funding Total</b>	<b>(45,302)</b>	<b>(46,341)</b>	<b>(43,268)</b>	<b>(46,107)</b>	<b>234</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>(894)</b>	<b>0</b>	<b>0</b>

## ESTIMATED RESERVE POSITION AT 31 MARCH 2022

Reserve	Opening Balance* 01/4/21 £'000	Movement During 2021/22 £'000	Reallocation Approved in MTFS £'000	Closing Balance 31/3/22 £'000
Resilience Crewing and Training	348	9	(333)	24
Prevention Protection and Partnerships	429	(157)	(69)	203
Business Systems Development	59	0	0	59
Transformation and Collaboration	1,799	(489)	(785)	525
Operational	673	(30)	(100)	543
Covid-19	1,054	(407)	(600)	47
ESN Reserve	1,307	(80)	0	1,227
Headquarters move	0	0	50	50
Budget Pressure Support	0	0	937	937
Efficiency Programme	0	0	900	900
Other	42	114	0	156
<b>Total</b>	<b>5,711</b>	<b>(1,039)</b>	<b>0</b>	<b>4,672</b>
General Reserve	5,087	234	0	5,321
<b>Total Reserves</b>	<b>10,798</b>	<b>(805)</b>	<b>0</b>	<b>9,993</b>

\*Provisional opening balance figures

## APPENDIX C

## Capital Budget Monitoring as at 28 February 2022

CAPITAL PROGRAMME	Approved Budget 2021/22	Approved Changes to Budget 2021/22	Revised Budget 2021/22	Spend to Date	(Under)/Over Budget	Estimated Outturn to the end of March 2021	Outturn Variance
<b>ICT &amp; COMMUNICATIONS</b>							
HR System Upgrade				8	8	8	8
Business Process Automation		19	19	14	-5	19	
Mobile Computing	100	6	106	88	-18	102	-4
HQ - Link ICT Replacement	30	40	70	8	-62	64	-6
ICT SharePoint Internet/Intranet		16	16	18	2	28	12
Performance Management System				3	3	3	3
ESMCP Grant from DCLG (ESN)		41	41		-41		-41
Tri-Service Control Project		161	161		-161		-161
Unit4 Business World Upgrade	30	-30					
ICT funded from Covid				13	13	13	13
Replacement Equipment	50	125	175	56	-119	179	4
HQ Project - Cloud Migration Work	150		150	2	-149	12	-138
Emergency Services Mobile							
Communication Programme ESN	100		100		-100		-100
Rostering Project - ICT Capital	185		185	12	-173	150	-35
One off Projects - ICT Capital	35		35	32	-3	35	
Occupational Health - ICT Capital	65		65	36	-29	65	
	<b>745</b>	<b>378</b>	<b>1,123</b>	<b>290</b>	<b>-833</b>	<b>678</b>	<b>-445</b>
<b>ESTATES</b>							
Joint Headquarters Project	1,623	1,155	2,778	2,073	-705	1,991	-787
Workshop Fire, Police and Ambulance Station Project (capital – strategic new build project)	2,000	1,662	3,662	2,328	-1,334	2,822	-840
Newark Fire Station		10	10		-10		-10
Hucknall Fire Station		94	94	16	-78	16	-78
Eastwood Fire station		16	16	8	-8	16	
	<b>3,623</b>	<b>2,937</b>	<b>6,560</b>	<b>4,425</b>	<b>-2,135</b>	<b>4,845</b>	<b>-1,715</b>
<b>EQUIPMENT</b>							
CCTV - vehicles		100	100	94	-6	105	5
Water Rescue - Capital	100	25	125		-125	20	-105
Gloves		143	143		-143	143	
Air Bag Replacements		41	41	43	2	43	2
National inter-agency Liaison Officer and specialist responders						14	14
	<b>100</b>	<b>309</b>	<b>409</b>	<b>138</b>	<b>-271</b>	<b>325</b>	<b>-84</b>
<b>TRANSPORT</b>							
Vans & Other Light Vehicles	179	313	492	293	-199	313	-179
Rescue Pumps	1,018	148	1,166		-1,166		-1,166
Special Appliances	150		150	20	-130		-150
	<b>1,347</b>	<b>461</b>	<b>1,808</b>	<b>313</b>	<b>-1,495</b>	<b>313</b>	<b>-1,495</b>
	<b>5,815</b>	<b>4,085</b>	<b>9,900</b>	<b>5,165</b>	<b>-4,735</b>	<b>6,161</b>	<b>-3,739</b>

## Capital Programme Financing 2021/22

TO BE FINANCED BY	Actual	Estimated Outturn
Revenue contributions to capital	428	428
Earmarked Reserve	0	50
Capital Grant (Nilo)	0	14
Capital Receipts - Property	412	429
Internal Financing	4,325	5,240
<b>Total</b>	<b>5,165</b>	<b>6,161</b>

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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 2021/22 UPDATE**

Report of the Chief Fire Officer

**Date:** 22 April 2022

**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

**Recommendations:**

That Members note the contents of this report.

**CONTACT OFFICER**

**Name:** Becky Smeathers  
Head of Finance

**Tel:** 0115 967 0880

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

**Media Enquiries Contact:** Simon Cotton  
(0115) 8388690 simon.cotton@notts-fire.gov.uk

## 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 This report presents the 2021/22 audits which have been completed to date. Information on outstanding audits will be presented to the Finance and Resources Committee as part of the Internal Audit annual report on 24 June 2022 (date to be confirmed at AGM).

## 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 MARCH 22

- 2.4 Seven audits were planned for completion in 2021/22. A summary of progress is shown in the table below.

<b>Audit</b>	<b>Progress</b>	<b>Assurance Level</b>	<b>Appendix</b>
Payroll and ITrent	Complete	Substantial	A
Financial Management Code	Complete	Reasonable	B
Asset Disposals	Complete	Limited	C
Performance Management	Incomplete	None	D
Ethical Policies and Procedures	Draft	Substantial	
Pensions	In Progress		
Property & Premises	In Progress		

## **AUDIT ASSURANCE**

- 2.5 The payroll audit was awarded substantial assurance – risk levels are low. The report is attached at Appendix A.
- 2.6 The Financial Management Code audit was awarded reasonable assurance and is discussed further in the Financial Management Code update report which is a separate item on this agenda.
- 2.7 The Asset Disposal audit (Appendix C) was requested following the discovery of fraudulent activity at another Fire and Rescue Service. The audit found evidence of effective controls with regard to disposal policies and procedures, audit trails and methods of disposals. However, there are some control weaknesses and failures to comply with standard controls which meant that the audit could only provide limited assurance. It should be noted that no evidence of fraudulent activity was found. An action plan has been agreed and a further audit will be undertaken in 2022/23 to confirm the recommended actions have been progressed.
- 2.8 The Performance Management audit was started but it was not able to complete it due to a lack of resources in the Corporate Support Team. A new Business Intelligence Manager has now been recruited and the audit will be undertaken in 2022/23.
- 2.9 All audit reports are reviewed by the Strategic Leadership 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**

- 2.10 A draft report has been issued in respect of the Ethical Policies and Procedures Audit which has received a grading of substantial assurance. This is a positive reflection of the progress that has been made in this area following the adoption the Code of Ethics. This report will be included in a future report once the report has been finalised.
- 2.11 The Pensions and Property and Premises audits are underway and will be included in a future report once complete.

### **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.

Craig Parkin  
**CHIEF FIRE OFFICER**



**OFFICIAL SENSITIVE**

**To: Chief Fire Officer**  
**Subject: NFRS - Payroll controls**  
**Date: November 2021**

### 1 Introduction

- 1.1 We have carried out an audit of the controls over the Service’s payroll system, assessing the effectiveness of controls in place for payroll functions including new positions, starters, leavers, changes to pay details, overtime, deductions and the control over payroll processing. The payroll module is integrated into the iTrent Human Resources (HR) system, meaning that information is linked between the HR and Payroll systems, although the functions of HR and payroll operate separately. Our audit covered the 3 payrolls; Non-Uniformed Employees and Members, Retained Duty Employees and Wholetime Duty and Control Employees. We did not cover the Pensions payrolls as these are reviewed as a separate audit subject.
- 1.2 The departmental objectives of the system are to pay all genuine employees their correct pay on time and to make deductions correctly to the relevant body. Payroll records should be correctly input, properly authorised and accounted for correctly.

### 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: -



**SUBSTANTIAL ASSURANCE**

**Risk levels are low**

### 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>
Administration	Insufficient staff or procedures to process payroll accurately and timely

Integrity	Invalid payees and invalid pay rates on the payroll
Changes to Existing Employees	Changes to existing employee details made improperly
New Starters	Starters added improperly
Leavers	Leavers not removed in a timely manner
Overtime	Overtime paid without being authorised or checked
Deductions	Deductions from pay made incorrectly; and not paid over (e.g. to HMRC) correctly or timely
Accurate Processing	Payroll is incorrectly processed, or anomalies not spotted from overview and exception reports
Accounting System	Payroll costs are not recorded accurately in the accounting system

3.2 The scale of the area reviewed is: -

<b>Payroll</b>	<b>Number of Employees</b>	<b>Total Gross Pay 2020/21 (£)</b>
Non-Uniformed Employees and Members	196	5,597,306
Retained Duty Employees	175	2,043,997
Wholetime Duty and Control Employees	421	17,613,900
<b>Total</b>	<b>792</b>	<b>25,255,203</b>

#### 4 Audit findings

4.1 Following our work, we consider the controls to be effective in the following risk areas:

- Administration - The payroll team is sufficiently staffed to ensure that all duties can be completed on time and a separation of duties can operate where required. Access to the payroll system is restricted to appropriate staff who have all the necessary access. There are written guides to instruct payroll staff where needed, along with a timetable for the processing of the payroll, which is adhered to.
- Integrity - The payroll is linked to the HR structure so payees can only be allocated to authorised positions. All payees are allocated to standard recognised pay rates and pay scales on the payroll. The input of new salary rates is checked by another officer to ensure there is a segregation of duties in place.
- Changes to Existing Employees - There is a standard method to notify changes to an employee's details, which includes an independent check and authorisation. Changes to employee bank details are controlled by the employee.
- New Starters - There is a standard method to request new positions in the HR structure, and add new starters, all from an appropriate source and with independent check and authorisation.

- Leavers – There is a standard method to notify leavers. Leavers are processed in a timely manner with minimal cases of overpayments to leavers, which are pursued for recovery.
- Overtime - Overtime is claimed on a standard form and properly checked and authorised.
- Deductions - Voluntary deductions are controlled by the employee. Monthly reports are run to review the level of deductions. The system reports totals of deductions to be paid over to other bodies and these payments are made timely.
- Accurate Processing - There are standard monthly reviews by management to ensure that the payroll is correctly processed. This includes a standard monthly tasklist to control the accurate processing of payroll, and the use of differences reports which highlight any variations for investigation.
- Accounting System - There is a monthly reconciliation of Payroll to Agresso to ensure accurate accounting

4.2 There were no control weaknesses and no failures to comply with the standard controls. Therefore, no recommendations are made.

4.3 No other advisory actions were discussed during the audit.

**Audit conducted by: Emily Jackson  
Apprentice Internal Auditor**

**Audit supervised by: Andrew Howarth  
Senior Auditor**

**Rob Disney, Group Manager Assurance**

**OFFICIAL SENSITIVE**

**To: The Chief Fire Officer, Nottinghamshire Fire and Rescue Service**

**Subject: NFRS – CIPFA Financial Management Code**

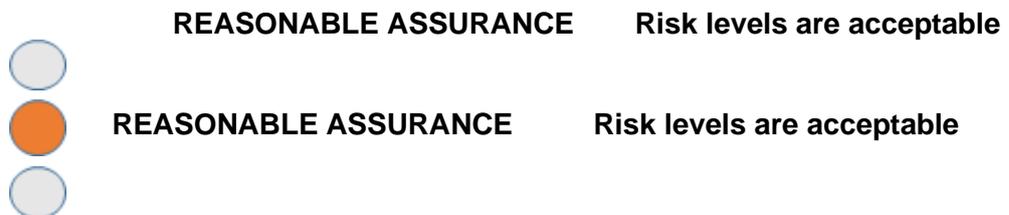
**Date: March 2022**

## **1 Introduction**

- 1.1 The purpose of the review is to examine the evidence to confirm that the Fire Service complies with CIPFA's Financial Management Code (FM Code).
- 1.2 CIPFA has developed the FM Code, which sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, have in place by the end of FY 2021/22.

## **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: -



## **3 Risk areas examined**

- 3.1 During this audit we looked for controls to address the following key risks arising from each of CIPFA's six principles: -

<i>Risk title</i>	<i>Description</i>
Leadership	There may be a lack of clear leadership or strategic direction.
Accountability	Governance and internal control arrangements may not be operating effectively and that those responsible for the effective operation of these arrangements may not be held accountable. Ineffective financial planning, risk management or data management may result.
Transparency	Data may be reported inconsistently, incompletely or inaccurately.

Professional Standards	Professional standards by leadership may not be adhered to.
Sources of Assurance	There may be inadequate or unrecognised sources of assurance.
Long-term Sustainability and Value for Money (VFM)	Processes may not ensure the prudent use of resources.

3.2 The scale of the area reviewed is: -

<i>Metric</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>
<i>Net Revenue Expenditure (£m)</i>	<i>42.715</i>	<i>42.080</i>	<i>44.890</i>
<i>Capital Expenditure (£m)</i>	<i>1.075</i>	<i>1.858</i>	<i>3.249</i>

#### 4 Audit findings

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

- Self-Assessment - In accordance with the Code, the Fire Authority can evidence that they have reviewed their financial management arrangements against the Standards and that they have taken such action as may be necessary to comply with them. The Head of Finance has carried out a self-assessment and gap analysis and presented this to the Finance & Resources Committee in July 2021. Where gaps have been identified, actions have been put into place to address those.
- Leadership – A governance framework is in place, with established financial reporting arrangements.
- Accountability – Regular reports and oversight is conducted through the Fire Authority, SLT (weekly meetings), Operational Learning Board (bi-monthly), Programme and Performance Board (monthly), and the Service Delivery and Evaluation and Assurance Group (quarterly).
- Long-term sustainability and VFM – the Strategic Plan contains information on the budget and is a key document informing the Medium-Term Financial Strategy (MTFS). The MTFS includes the priorities outlined in the Strategic Integrated Risk Management Plan (IRMP) and links together with all other strategies of the organisation such as the Capital Strategy, Treasury Management Strategy and Reserves Strategy. VFM is driven in budget reviews and monitoring, project management, contract management and financial management. The Annual Statement of Assurance 2020/2021 concluded that arrangements for securing VFM were achieved.

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 brief details of the related findings, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	0	Immediate
Priority 2	4	Within two months

#### **Priority 2 areas**

- Leadership - Several policies and procedures in relation to governance arrangements have not been updated in accordance with the revision schedule and have been found to be out of date.
- Accountability - The processes to identify when a budget holder has over-committed capital expenditure are not robustly applied and have allowed a budget to become significantly overspent.
- Professional Standards - Financial Regulations, Financial Procedures and Statement of Financial Principles are out of date.
- Sources of Assurance - Several internal audits have been delayed or could not be completed as a result of incomplete information being provided.

#### **4.4 Advisory Areas**

In addition to the above, several actions were identified through the gap analysis.

Work remains in progress regarding the following:

- Codes of conduct – due to be approved by the end of the financial year and circulated to all staff. Once done, a Net Consent report will be sent to audit confirming this action.
- Need to undertake a savings review once funding levels can be predicted with greater certainty. This will happen as part of the 2022/23 MTFS.

It is advised that Management complete any outstanding actions required to comply with the FM Code.

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

**Audit supervised by: Philip Dent  
Audit Supervisor**

**Rob Disney, Group Manager Assurance**

Internal Audit final report 2021-09 – March 2022	<b>ACTION PLAN</b> NFRS – CIPFA Financial Management Code	<b>OFFICIAL SENSITIVE</b>
--------------------------------------------------	--------------------------------------------------------------	---------------------------

Audit Finding	Recommendation	Management Response
<b>Priority 1 areas</b> (Essential for effective internal control, must implement recommendations to improve existing control arrangements)		
<p><b>1. Accountability and Governance</b>            Work undertaken by the Executive Officer has revealed that many of the policies and procedures in relation to governance have not been updated for a long time and are outdated. This includes:</p> <ul style="list-style-type: none"> <li>• The Chief Financial Officer (CFO) Scheme of Delegation - the document that governs the CFOs responsibilities and powers;</li> <li>• The Standing Orders – This is essentially the “Rule Book” for running NFRS;</li> <li>• Members Allowance Scheme – This scheme sets out the remuneration entitlement of Members</li> </ul> <p>Also, many of the documents are not available on the intranet or public website.</p> <p>In November 2021, the Policy and Strategy Committee considered a proposal to review NFRS’s constitution and associated governance and this was approved.</p> <p><b>Risk: There may be a lack of effective accountability, governance or control.</b></p>	<p><b>Where policies and procedures have been found to be out of date, these should be revised and approved.</b></p> <p><b>Revised policies should be made available on the intranet and/or public website as appropriate.</b></p>	<p><b>Response</b>            The policies will be reviewed and amended in consultation with the Clerk to the Fire Authority (CFA) throughout 2022.</p> <p><b>Date for implementation</b>            Ongoing – 31 December 2022</p> <p><b>Officer responsible for implementation</b>            Executive Officer and Clerk to the Fire Authority</p>

Internal Audit final report 2021-09 – March 2022	<b>ACTION PLAN</b> NFRS – CIPFA Financial Management Code	<b>OFFICIAL SENSITIVE</b>
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Audit Finding	Recommendation	Management Response
<p><b>2. Budgetary Control</b></p> <p>Orders placed on the ICT capital budget exceeded the budget by £125k, although the budget holder had discussed budget requirements with SLT and would have been aware of their budget at the beginning of the year.</p> <p>The ability to overspend is not prevented by system controls. Budget monitoring is carried out with monthly meetings with budget holders (where possible) but this does not always happen if staff are busy or unavailable. Where orders are placed which exceed the budget, this is not flagged up in Agresso and orders over £10k from existing frameworks or contracts are not usually scrutinised by Finance when they are authorised.</p> <p>A review of training materials is underway.</p> <p><b>Risk: Inadequate financial resources to meet commitments. Lack of clarity regarding budgetary control.</b></p>	<p><b>In line with Financial Regulations, budget holders should report on any variances in their own areas and take any action necessary to avoid exceeding their budget allocation.</b></p> <p><b>More robust measures may include:</b></p> <ul style="list-style-type: none"> <li>• <b>budget holders submitting monthly returns to confirm they have reviewed their expenditure</b></li> <li>• <b>having system controls to flag up when the budget is being exceeded.</b></li> </ul> <p><b>The revised training materials should reinforce best practice guidance around budgetary control.</b></p>	<p><b>Response</b></p> <p>Currently looking at an approach to send a system generated email out to budget holders identifying headline budget monitoring which will require a response.</p> <p>System controls are not compatible with the way that the system is built for all budgets. However, an additional process can be built in to check budgetary provision for orders in excess of £10k.</p> <p><b>Date for implementation</b> 30 September 2022</p> <p><b>Officer responsible for implementation</b> Assistant Head of Finance</p>
<p><b>3. Financial Regulations, Financial Procedures and Statement of Principles</b></p> <p>Financial Regulations set out that the Director of Finance is responsible for maintaining a continuous review of Financial Regulations and submitting any changes to the Fire Authority for approval. Financial Regulations, Procedures and Principles policies have not been updated since 2017 and are now out of date.</p> <p><b>Risk: Outdated requirements that reduce financial controls.</b></p>	<p><b>Financial Regulations, Financial Procedures and Statement or Principles should be reviewed and updated in accordance with the agreed refresh schedule.</b></p>	<p><b>Response</b></p> <p>Currently under review.</p> <p><b>Date for implementation</b> 30 September 2022</p> <p><b>Officer responsible for implementation</b> Assistant Head of Finance</p>

Internal Audit final report 2021-09 – March 2022	<b>ACTION PLAN</b> NFRS – CIPFA Financial Management Code	<b>OFFICIAL SENSITIVE</b>
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Audit Finding	Recommendation	Management Response
<p><b>4. Incomplete or Delayed Audits</b></p> <p>It has been difficult to complete all planned audits in the last two years and some audits were incomplete or delayed due to lack of staff engagement or availability.</p> <p>It is acknowledged that the Covid-19 pandemic has contributed to the pressures, however.</p> <p><b>Risk: The Annual Audit Report may contain a limitation of scope, which would come to the attention of External Audit.</b></p>	<p><b>It is important for all staff to engage in the audit process and SLT should emphasise the importance of clear engagement and communication with Internal Audit.</b></p>	<p><b>Response</b></p> <p>This concern was discussed at the Strategic Leadership Team on 1 February 2022. The Group Manager (Assurance) was in attendance representing NCC Internal Audit.</p> <p><b>Date for implementation</b></p> <p>Completed at SLT on 1 February 2022</p> <p><b>Officer responsible for implementation</b></p> <p>Head of Finance</p>

**OFFICIAL SENSITIVE**

**To: The Chief Fire Officer, Notts Fire and Rescue Service**

**Subject: NFRS - Asset disposal procedures**

**Date: March 2022**

## **1 Introduction**

- 1.1 The purpose of the review is to examine disposals records to confirm compliance with the policy and procedures and to assess whether the Fire Service actions support best practice in relation to land and property, fleet and operational equipment and ICT equipment disposals.
- .2 A mandatory disposals policy (POL 2125) along with associated policies and procedures have been established and is aimed at guaranteeing NFRS controls the disposal of all assets via an auditable approval route, ensuring risks are managed, best value is achieved, and the corporate branding is protected.

## **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: -



**LIMITED ASSURANCE Risk levels are high**

## **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>
Policies and Procedures	Policies and procedures may be inadequate in relation to disposals procedures or there may be a lack of compliance with policies.
Audit Trail	Records of disposals may not be adequately maintained, or records may not be retained in accordance with the retentions policy.
Information Security	The process for removing data from ICT equipment may be inadequate and may result in the loss of sensitive or confidential data to third parties.
Disposal Method	Assets may not be disposed of in line with disposal route detailed in the policy or approved on the disposal form.

3.2 The scale of the area reviewed is: -

<i>Metric (from balance sheet)</i>	<i>Asset Valuations as at 31<sup>st</sup> March 2020 £000</i>	<i>Asset Valuations as at 31<sup>st</sup> March 2021 £000</i>	<i>Difference</i>
<i>Land and Buildings</i>	56,555	56,630	75
<i>Vehicles, Plant and Equipment</i>	6,953	6,679	(274)
<i>Totals</i>	63,508	63,309	(199)
<i>Assets disposed of during the year</i>	15	235	

#### 4 Audit findings

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

- **Disposals Policies and Procedures** - there is a comprehensive policy (POL 2125) which sets out the requirements for disposing of assets (excluding land and property) appropriately in a safe, secure, and auditable manner, outlining control measures to ensure best practice and best value is achieved. This applies to ICT and office equipment, fleet and equipment and other tangible assets.
- **Audit Trail** - systems are in place to record and reflect the disposal status of assets in sufficient detail. This includes separate systems for the recording of fleet and equipment (Tranman), land and property (Concerto) and ICT equipment (Asset Register Database).
- **Disposal Method** - the assets disposal policy sets out specific ways in which assets may be disposed of via approved routes which offer best value and requires the appropriate manager approval according to type of asset and value.

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 brief details of the related findings, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	4	Immediate
Priority 2	2	Within two months

#### Priority 1 areas:

- Records of the disposal of fleet and equipment is incomplete in the Tranman system.
- Some records in relation to fleet and equipment disposals in the last 4 years could not be located, although records should be retained for 6 years in line with policy and best practice.

- The ICT asset database does not include adequate details in terms of value of assets, reason for and status of disposals.
- Surplus, redundant ICT equipment has not been disposed of for several years.

**Priority 2 areas:**

- The disposal procedures for land and property are not included in the Estates policy as specified in the Asset Disposals Policy and Financial Regulations.
- ICT were not able to provide details of any recent disposals under the Waste Electrical and Electronic Equipment (WEEE) Regulations so testing of compliance could not be undertaken.

4.4 No advisory actions were discussed during the audit.

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

**Audit supervised by: Philip Dent  
Audit Supervisor**

**Rob Disney, Group Manager Assurance**

<b>Audit Finding</b>	<b>Recommendation</b>	<b>Management Response</b>
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**Priority 1 areas**  
(Fundamental for effective governance, risk management and internal control, must implement recommendations to improve existing arrangements)

<p><b>1. Tranman System - Completeness of Records</b> A review of records showed that Tranman records for the disposal of vehicles and equipment are incomplete. From the list of 187 assets identified as disposed of in the last six years, less than half include the date the item was commissioned, disposed of or the disposal method as shown below:</p> <table border="1" style="margin-left: 40px; border-collapse: collapse; width: 60%;"> <thead> <tr> <th style="text-align: left;"><i>Details</i></th> <th style="text-align: center;"><b>Date Commissioned</b></th> <th style="text-align: center;"><b>Disposal Date</b></th> <th style="text-align: center;"><b>Disposal Method</b></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;"><i>Amount with dates</i></td> <td style="text-align: center;">87</td> <td style="text-align: center;">78</td> <td style="text-align: center;">81</td> </tr> <tr> <td style="text-align: left;"><i>Blanks</i></td> <td style="text-align: center;">100</td> <td style="text-align: center;">109</td> <td style="text-align: center;">106</td> </tr> </tbody> </table> <p>The Assets Disposal Policy para 2.1.5 requires that the asset management database be updated once an asset has been disposed of.</p> <p>In addition, the disposals policy states asset disposal should be undertaken in such a way as to ensure best value is achieved by NFRS. The Tranman database captures details in relation to the purchase and sale of assets, but does not include purchase price, estimated value at the point of disposal or any sales proceeds. The addition of such data could provide additional management insight into whether best value has been achieved.</p> <p><b>Risk:</b> Incomplete or inaccurate audit trail of assets disposed of may be recorded. Lack of evidence to demonstrate effective stewardship of public funds.</p>	<i>Details</i>	<b>Date Commissioned</b>	<b>Disposal Date</b>	<b>Disposal Method</b>	<i>Amount with dates</i>	87	78	81	<i>Blanks</i>	100	109	106	<p>a. <b>Tranman should be updated once an asset has been disposed of to ensure that records are complete and accurate.</b></p> <p>b. <b>Consideration should be given to including purchase and sales proceeds in the database for transparency purposes and to provide better management information.</b></p>	<p><b>Response</b> Will be incorporated in all future disposals.</p> <p><b>Date for implementation</b> With immediate effect.</p> <p><b>Officer responsible for implementation</b> Head of Procurement and Resources / Engineering Manager</p>
<i>Details</i>	<b>Date Commissioned</b>	<b>Disposal Date</b>	<b>Disposal Method</b>											
<i>Amount with dates</i>	87	78	81											
<i>Blanks</i>	100	109	106											

Internal Audit Report 2021-08 – March 2022	ACTION PLAN NFRS - Asset disposal procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response																		
<p><b>2. Fleet and Equipment Disposals Records</b></p> <p>We selected a sample of 10/187 disposals (between 2018 and 2021) to carry out a detailed review of adherence to the disposals policy. Records in relation to the sample were limited, due in part to a move of headquarters and archiving of paper records. We were therefore unable to provide full assurance concerning compliance.</p> <p>We did examine records provided in relation to 5/10 transactions and found the following:</p> <table border="1" data-bbox="85 619 927 1077"> <thead> <tr> <th>Item Disposed of</th> <th>Accuracy of Records</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td>Vehicle FE02AVY</td> <td>Shown in Tranman as 'donation' when sold for £2,400</td> <td>Approval evidenced and matches method of disposal</td> </tr> <tr> <td>Vehicle J13ZKU</td> <td>Tranman shows as sold by auction and records confirm this.</td> <td>No evidence of approval to dispose provided</td> </tr> <tr> <td>Vehicle FJ11AGU</td> <td>Approved and shown as auctioned with estimated value £4,000</td> <td>No evidence of actual sale provided</td> </tr> <tr> <td>ANG0343 – Angus Pump</td> <td>Shown in Tranman as donation</td> <td>Disposal form completed and marked for donation</td> </tr> <tr> <td>Vehicle FJ57CXM</td> <td>Sold at auction for £3,720 but method of disposal blank in Tranman</td> <td>No evidence of approval to dispose.</td> </tr> </tbody> </table> <p>The above indicates inaccuracies in Tranman records and a lack of complete audit trail in terms of disposal approvals and sales.</p> <p>The Asset Disposal Policy para 2.6 and the Record Retention Schedule Policy set out requirements to retain records in relation to the disposal for a minimum of 6 years.</p> <p><b>Risk:</b> Lack of evidence to demonstrate effective stewardship of public funds and compliance with the Policy.</p>	Item Disposed of	Accuracy of Records	Comments	Vehicle FE02AVY	Shown in Tranman as 'donation' when sold for £2,400	Approval evidenced and matches method of disposal	Vehicle J13ZKU	Tranman shows as sold by auction and records confirm this.	No evidence of approval to dispose provided	Vehicle FJ11AGU	Approved and shown as auctioned with estimated value £4,000	No evidence of actual sale provided	ANG0343 – Angus Pump	Shown in Tranman as donation	Disposal form completed and marked for donation	Vehicle FJ57CXM	Sold at auction for £3,720 but method of disposal blank in Tranman	No evidence of approval to dispose.	<p><b>Records in relation to disposed of assets should be kept 6 years in accordance with the records retentions policy.</b></p> <p><b>Implementation of recommendation 1a should ensure that accuracy of records in Tranman is maintained.</b></p>	<p><b>Response</b> Will be incorporated in all future disposals.</p> <p><b>Date for implementation</b> With immediate effect.</p> <p><b>Officer responsible for implementation</b> Head of Procurement and Resources / Engineering Manager</p>
Item Disposed of	Accuracy of Records	Comments																		
Vehicle FE02AVY	Shown in Tranman as 'donation' when sold for £2,400	Approval evidenced and matches method of disposal																		
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Internal Audit Report 2021-08 – March 2022	<b>ACTION PLAN</b> NFRS - Asset disposal procedures	<b>OFFICIAL SENSITIVE</b>
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Audit Finding	Recommendation	Management Response
<p><b>3. Record of Disposal of ICT Equipment</b> ICT equipment is recorded on the asset database, however the purchase date, cost of asset, reason for and method of disposal are not recorded. Also, when an asset is decommissioned, it currently appears as having been disposed of, even when this is not the case. This is a flaw with the system that is expected to be addressed.</p> <p>Whilst financial information in relation to the cost or disposal values of ICT equipment is not currently recorded, it is intended that this would be included in the future and used alongside the rolling replacement programme. Improvements are also planned in terms of recording assets no longer in use as 'expired' until they have been physically disposed of.</p> <p><b>Risk:</b> The database of assets may be out of date or incomplete or there may be lack of evidence to demonstrate effective stewardship of public funds.</p>	<p><b>The planned changes to the ICT asset database concerning financial data and disposal status should be undertaken along with populating the date of purchase, reason and method of disposal.</b></p>	<p><b>Response</b> Agreed.</p> <p><b>Date for implementation</b> September 2022</p> <p><b>Officer responsible for implementation</b> Area Manager Corporate Support and ICT</p>

Internal Audit Report 2021-08 – March 2022	ACTION PLAN NFRS - Asset disposal procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p><b>4. Disposal of Surplus ICT Equipment</b> The ICT team have recently completed a programme of replacement and the replaced items have been decommissioned for disposal. However, we were advised that ICT have not disposed of any assets in the last 3 years, except for a few minor items via WEEE waste as outlined above.</p> <p>We have identified from the 2020/21 accounts, that additions of £255k have been made to replace old equipment and provide for working from home, thus indicating potentially high levels of surplus equipment in need of disposal. Furthermore, the Fire Service is currently in the process of moving premises, meaning that surplus equipment will have to be relocated or held in storage and no completed disposal forms in relation to this equipment could be provided.</p> <p><b>Risk:</b> Theft or misappropriation of assets and data.</p>	<p>a. <b>Surplus ICT equipment should be disposed of promptly and in accordance with the assets disposal policy.</b></p> <p>b. <b>Considering the limited assurance around the disposals of ICT equipment, an audit should be undertaken in 2022/23 to confirm the recommended actions have been undertaken and revisions to the ICT database have taken effect.</b></p>	<p><b>Response</b> Agreed.</p> <p><b>Date for implementation</b> September 2022 (recommendation a) March 2023 (recommendation b)</p> <p><b>Officer responsible for implementation</b> Area Manager Corporate Support and ICT</p>

Internal Audit Report 2021-08 – March 2022	ACTION PLAN NFRS - Asset disposal procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<b>Priority 2 areas</b> (highly desirable for effective internal control, should implement recommendations to improve existing control arrangements)		
<p><b>5. Disposals of Land and Property</b> The Assets Disposals Policy (POL 2125) para 1.1.5 states that the disposal of land and buildings are subject to separate authority policies within the scheme of financial management. Financial Regulations para 4.28 states that the Fire Authority's process and procedures regarding the disposal of surplus land and property are in the Estates Policies, however from discussions with the Head of Procurement and Resources, there are no such Estates Policies which include the disposal of surplus land and property.</p> <p><b>Risk:</b> Disposals and land and property may not be subject to appropriate controls.</p>	<p><b>The procedures in relation to the disposal of surplus land and property should be formally set out, approved, and made available to relevant staff to comply with.</b></p>	<p><b>Response</b> Will include in new property strategy.</p> <p><b>Date for implementation</b> December 2022</p> <p><b>Officer responsible for implementation</b> Head of Procurement and Resources</p>

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Internal Audit Report 2021-08 – March 2022	ACTION PLAN NFRS - Asset disposal procedures	OFFICIAL SENSITIVE
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Audit Finding	Recommendation	Management Response
<p><b>6. Compliance with WEEE Regulations</b> We were advised that several electrical ICT assets, with no residual value were disposed of through a contractor and that these disposals were undertaken in accordance with WEEE regulations in 2019.</p> <p>Items disposed of by the 3rd party under the data destruction and WEEE contract should provide certificates for any such disposals. However, ICT were not able to provide details of any recent disposals, certificates, or approvals for disposal, so testing of compliance could not be undertaken.</p> <p><b>Risk:</b> The Fire Service may be prosecuted if they cannot not demonstrate compliance with WEEE Regulations.</p>	<p><b>Confirmation that WEEE Regulations have been complied with should be obtained and recorded on the Concerto database to ensure accuracy and completeness.</b></p>	<p><b>Response</b> Agreed. Report being reviewed by SLT to ensure compliance to existing procedures is complied with by all departments. <b>30 April 22</b></p> <p>Disposal Policy to be reviewed and updated to create requirement for all disposal forms to be held centrally and records updated on Concerto. <b>September 22.</b></p> <p>Responsibility for ICT disposals be allocated to a post within the team. All ICT staff to be made aware of requirements of disposal policy. <b>30 April 22</b></p> <p><b>Date for implementation</b> See above</p> <p><b>Officer responsible for implementation</b> Becky Smeathers (SLT review) Head of Procurement (Disposal Policy) Damien West (ICT compliance)</p>



**OFFICIAL SENSITIVE**

**To:** Chief Fire Officer

**Subject:** NFRS – Performance Management

**Date:** March 2022

### 1 Introduction

- 1.1 We planned to carry out an audit of the Service’s arrangement for Performance Management. This would cover the focus of performance management, the establishment of a set of performance indicators, the accuracy of performance indicators, the reporting of performance, and the rectification of underperformance.
- 1.2 Following discussion with the Service the scope of our review was determined to be performance in the following four areas:
- Service Delivery (Response, Protection & Prevention only)
  - Strategic Plan
  - Reporting to Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)
  - Reporting to the Home Office.

### 2 Risk areas to be examined

- 2.1 The audit planned to look for controls to address the following key risks: -

<i>Risk title</i>	<i>Description</i>
Scope	The scope of Performance Management is not clearly defined and embedded.
Indicators	Performance Indicators are not robustly established
Calculation	Performance is not correctly calculated
Reporting & Monitoring	Performance Indicators are not properly reported and monitored
Underperformance	Underperformance is not addressed

### 3 Audit opinion

- 3.1 In our opinion the level of assurance we can provide is: -



**NO ASSURANCE**

**We have not formed an opinion as we were unable to proceed beyond the ‘stated controls’ stage of the audit, to the testing of these controls.**

A summary of the limited progress made, and a proposal to revisit this subject matter in next year’s audit plan, are set out below.

#### **4 Audit process**

- 4.1 Following agreement of the scope of the audit, our work follows the process outlined below:
- (a) Expected Controls are issued to the auditee.
  - (b) We discuss the Expected Controls with the auditee and identify what the auditee considers to be in place in respect of these controls. We record these as the Stated Controls. We will request some evidence to understand or support the controls.
  - (c) Any weaknesses identified from the above discussion (i.e. where Stated Controls fall short of the Expected Controls) are noted and, from these, we will raise findings to be included later in the Draft Report's Action Plan.
  - (d) We produce a Testing Strategy, which is a series of audit tests to assess the existence and effectiveness of the Stated Controls.
  - (e) Where this testing finds that controls are effective, we will raise positive findings to be included in the Draft Report's Executive Summary. Where the testing finds weaknesses in the controls, we will raise findings to be included in the Draft Report's Action Plan.
  - (f) A report is produced, which includes the findings and associated recommendations. The report is first issued as a Discussion Draft, then later as a formal Draft, and then as a Final report which includes the auditee's responses to the recommendations.
- 4.2 On this audit, the discussion of the Expected Controls took place on 14 June 2021, which is stage 4.1(b) above. The Stated Controls were recorded at this meeting. The Expected Controls and Stated Controls are included in appendix 1 to this report. However, delays were experienced in the provision of evidence we requested to understand and support the controls. A large amount of information was provided on 29 & 30 July 2021, but further information has not been provided, most significantly the performance reports for HMICFRS and the Home Office. As a result, the audit was unable to proceed beyond this stage 4.1(b).
- 4.3 The Action Plan on the following page contains proposals on how the audit of this subject area can proceed in the next financial year.

**Audit conducted by: Andrew Howarth  
Senior Auditor**

**Audit supervised by: Philip Dent  
Audit Supervisor**

**Rob Disney, Group Manager Assurance**

Internal Audit report 2021-05 – March 2022	ACTION PLAN NFRS Performance Management	OFFICIAL SENSITIVE
Audit Recommendation		Management Response
<p><b>1. An audit of Performance Management should be included in next year’s audit plan.</b></p>	<p><b>Response</b> Agreed</p> <p><b>Officer providing response</b> Head of Finance</p>	
<p><b>2. The scope of the audit should be revisited and clarified.</b></p> <p>(a) The audit should focus on performance in the area of Service Delivery - Response, Protection &amp; Prevention.</p> <p>(b) If the scope is to include the HMICFRS and Home Office performance reports these should be provided to us before the audit commences.</p> <p>(c) It should be clarified whether there are – or should be - any performance reports on the Community Risk Management Plan (CRMP), or whether this should be removed from the scope. We consider that the reports provided on progress against the Strategic Plan were reports on actions rather than performance.</p>	<p><b>Response</b> Agreed – scope to include the HMICFRS and Home Office performance reports.</p> <p>The new CRMP comes into force in April 2022. Can discuss when agreeing the scope whether to include in the audit as mechanisms will be in place but evidence of actual monitoring will depend on timing of the audit.</p> <p><b>Officer providing response</b> Area Manager, Corporate Support</p>	
<p><b>3. The methods and channels of communication for this audit should be reconsidered.</b></p> <p>(a) Because of Covid-19 restrictions all our communications on this audit were on-line. Now that restrictions are easing it might be more productive to include visits to the Service in a future audit.</p> <p>(b) All of our communications on this audit were with the Area Manager, Corporate Support, and we were not referred to any other staff. That might be appropriate, but it could be that there are less senior staff also involved in Performance Management that we could pursue future enquiries with.</p>	<p><b>Response</b> Agreed</p> <p><b>Officer providing response</b> Area Manager, Corporate Support</p>	

## Appendix 1 Expected and Stated Controls

Set out below are the Expected Controls, and Stated Controls, produced in the initial stages of the audit as summarised in paragraphs 4.1(a) & (b) above.

### Risk Area 1 - Scope of Performance Management

Expected Controls	Stated Controls -Summary	Stated Controls – Further Details
1.1 - There is a Performance Management Policy that sets out the responsibilities and structure for performance management and reporting, and this has been implemented	In place, but the Performance team is being recruited to.	There is a Policy. The structures in the policy are all in place. This is overseen by the Area Manager’s team. The team is in its infancy. A new structure began on 1 June. The Group Manager is in place. They are recruiting a BI Manager and an Evaluation Officer.
1.2 - There is a defined set of performance reports for each audience  Page 52	In place.	Each audience / group has a standard agenda.  This includes the Combined Fire Authority (CFA), Performance and Programme Board (PPB), Strategic Leadership Team (SLT) and Service Delivery Evaluation and Assurance Group (SDEAG).  Other key Performance Indicators are currently being developed for the PPB by the performance e.g. sickness, attendance.  HMICFRS gets 6-monthly performance data.  The Home Office gets monthly reports.
1.3 - The indicators in these reports cover the most important / key issues for that audience	In place.	This is indicated as met by the notes at 1.2 above.
1.4 - The indicators are appropriate for that audience	This was to be tested on the audit.	This was to be tested on the audit.
1.5 - The indicators are agreed by that audience – including a periodic review and update to ensure they remain appropriate	Not in place.	This has not been in place for the past 18 to 24 months but is now to be introduced, starting with SLT and then cascading down.

## Risk Area 2 - Indicators Established

Expected Controls	Stated Controls -Summary	Stated Controls – Further Details
2.1 - There is an overall system / review to confirm that the definition of all indicators meet SMART quality criteria, i.e. specifically defined (and outcome-based), measurable, achievable (with targets), relevant, timebound.	Not in place.	There is no process in place to control this aspect centrally. It is down to each data owner. At present there is no separate Quality Assurance. The new BI Manager will manage this.
2.2 - The targets are designed to achieve continuous improvement (which is a strategic plan action, and Local Authority Act requirement)	In place.	Key outputs (e.g. safe & well visits, response times, fire safety audits) have targets that are ambitious, and performance is improving. Productivity has been demonstrated over the last few years.
2.3 - Each indicator is allocated to an owner	In place.	This can be easily identified. Done through SLT and the data owner in the department.

## Risk Area 3 – Accuracy

Expected Controls	Stated Controls -Summary	Stated Controls – Further Details
3.1 - The owners of each indicator have responsibility, which is reviewed and monitored, to ensure that: <ul style="list-style-type: none"> <li>• The data source is reliable, complete, accurate and up-to-date</li> <li>• Performance calculations are accurate</li> <li>• Performance is calculated in a timely manner</li> </ul>	Not in place, although the responsibilities are defined in the policy para 5.7.	<p>This is the biggest area for improvement. Many issues have been identified on data quality and internal and external reporting. This affects all three parts of the control. Staff process data but are not data experts, there is no Quality Assurance, and data can be presented even if clearly inaccurate, and inconsistent with other reports.</p> <p>Steps are being taken to address this. There is now a process for the data owner to Quality Assure/sign off the data.</p>
3.2 - Indicators that do not meet the above criteria are identified and addressed	Not in place, as above.	As noted at 3.1 above, steps are being put in place to address this.

#### Risk Area 4 - Reporting and Monitoring

Expected Controls	Stated Controls -Summary	Stated Controls – Further Details
4.1 - Each performance report has an owner who is responsible for the production of the report	In place.	This is clearly identified and is on the meeting agendas. It is normally a principal officer.
4.2 - There is an overall check that the indicators in each report are complete and timely	In place.	This is done through line management.
4.3 - The reports are well-presented to enable the level of performance to be easily understood	Believed to be in place.	The SDEAG look at this, and reports go through a number of levels before they get to CFA, so the presentation is well checked.
4.4 - Reports are provided to relevant audiences at regular intervals and sufficient frequency	In place.	The frequencies are set as standard agenda items. CFA / committees are quarterly PPB is monthly SDEAG is monthly
4.5 - Summary reports (e.g. to the overall authority) are also provided at sufficiently frequent and regular intervals	In place.	This can be seen on the website

#### Risk Area 5 – Underperformance

Expected Controls	Stated Controls -Summary	Stated Controls – Further Details
5.1 - Areas of underperformance are identified	In place.	See 5.2 below.
5.2 - Actions are agreed to address underperformance	In place.	The amount of attention given to this is proportionate to the level it is reported to.
5.3 - Actions are monitored to ensure underperformance is rectified.	In place.	This can be demonstrated at different levels.  There is not a lot of underperformance.

5.4 - Resources are prioritised to ensure underperformance is addressed in key areas	In place.	Additional resources have been provided e.g.to address Area for Improvement 9 (AFI 9) from the HMICFRS inspection, relating to the provision of risk information from mobile data terminals on fire engines.
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Fire and Rescue Authority  
Finance and Resources Committee

# **CIPFA FINANCIAL MANAGEMENT CODE UPDATE**

Report of the Chief Fire Officer

**Date:** 22 April 2022

**Purpose of Report:**

To update Members on progress against implementation of CIPFA's Financial Management Code.

**Recommendations:**

That Members note the contents of this report.

## **CONTACT OFFICER**

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## 1. BACKGROUND

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) published The Financial Management Code (FM Code) in October 2019. The first full year of compliance was 2021/22.
- 1.2 The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.
- 1.3 The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable.
- 1.4 The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management.
- 1.5 Complying with the standards set out in the FM Code is the collective responsibility of elected Members, the Chief Finance Officer, and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.
- 1.6 The FM Code builds on elements of other CIPFA codes, such as The Prudential Code for Capital Finance, the Treasury Management in the Public Sector Code of Practice and the Code of Practice on Local Authority Accounting in the United Kingdom.
- 1.7 By following the essential aspects of the FM Code, local authorities are providing evidence to show they are meeting important legislative requirements.

## 2. REPORT

### FINANCIAL MANAGEMENT CODE

- 2.1 The FM Code establishes an approach based on six principles of good financial management:

- 1. Organisational Leadership**

- Demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.

- 2. Accountability**

- Based on medium term financial planning, driving the annual budget process, supported by effective risk management, quality supporting data and whole life costs.

### 3. Transparency

At the core of financial management, using consistent, meaningful and understandable data, reported frequently, with evidence of periodic officer action and elected member decision making.

### 4. Professional Standards

Promoted by the leadership team, with adherence evidenced.

### 5. Assurance

Recognised as an effective tool, mainstreamed into financial management, including political scrutiny and the results of both external audit, internal audit and inspection.

### 6. Long-Term Sustainability

At the heart of all local services' financial management processes, evidenced by the prudent use of public resources.

- 2.2 Explicit standards of financial management are also set out by the FM Code. These are the minimum standards which must be complied with in order for the Service to demonstrate its compliance with the FM Code. The standards articulate the practical application of the principles of financial management based on the requirements of primary legislation, associated CIPFA codes and guidance on professional codes of practice and ethics. Whilst compliance with the standards is mandatory, the FM Code does not prescribe how they should be achieved. The standards are summarised in Appendix A.
- 2.3 The Service internally reviewed its processes, procedures and governance arrangements and reported its findings to Finance and Resources Committee in July 21. Each FM Code Standard was graded:

Grade	Level of Compliance
Green	Compliant
Amber	Can be improved
Red	Significant Non-Compliance

- 2.4 The original review rated 6 areas to be amber and the remaining 11 areas green. There were no areas of significant non-compliance. This position has now improved with just one area remaining amber.
- 2.5 Section 2C required that governance information was available on the Authority's website. The new website is set to go live by the end of April and will contain existing governance documentation. There is a larger review of Authority Governance underway and some of this information will not be available on the website until this review is complete.

- 2.6 Two areas were originally rated amber as the Service did not have an Asset Management Plan (3-I and 6-O). On further review, it was considered that the Estates Strategy fulfilled the purpose of the Asset Management Plan and a separate document was not considered necessary.
- 2.7 In addition to the internal review, Internal Audit were requested to undertake an audit of progress against the FM Code. This audit has now been completed and the full report can be found at Appendix B. The audit opinion provided a Reasonable Assurance level – i.e. that risk levels were acceptable. The report acknowledged that effective controls were in place regarding self-assessment, leadership, accountability, long term sustainability and value for money.
- 2.8 The report also identified 4 priority 2 areas where improvements are required:
- Leadership - Several policies and procedures in relation to governance arrangements have not been updated in accordance with the revision schedule and have been found to be out of date (also see section 2.5).
  - Accountability - The processes to identify when a budget holder has over-committed capital expenditure are not robustly applied and have allowed a budget to become significantly overspent.
  - Professional Standards - Financial Regulations, Financial Procedures and Statement of Financial Principles are out of date.
  - Sources of Assurance - Several internal audits have been delayed or could not be completed as a result of incomplete information being provided.
- 2.9 An action plan for improvement in these areas is included in the report. Progress against these actions will be monitored and reported to the Strategic Leadership Team. They will also be subject to further review by Internal Audit to ensure that the recommendations have been actioned.

### **3. FINANCIAL IMPLICATIONS**

This report relates to financial governance and should have no direct financial impact.

### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

The requirements of the FM Code will be built into the Service's code of Conduct. Any development requirements will be identified, and appropriate training provided.

## **5. EQUALITIES IMPLICATIONS**

An equality impact assessment has not been undertaken because this is a report relating to the Authority's governance rather than new or amended policy.

## **6. CRIME AND DISORDER IMPLICATIONS**

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

## **7. LEGAL IMPLICATIONS**

Whilst compliance with the code is not a statutory duty, failure to comply could be viewed as not meeting existing statutory duties.

## **8. RISK MANAGEMENT IMPLICATIONS**

The purpose of the FM Code is to help mitigate future financial risk and ensure that the Service remains a going concern.

## **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.

Craig Parkin  
**CHIEF FIRE OFFICER**

## FINANCIAL MANAGEMENT CODE STANDARDS

Section	Standards	Internal Rating July 21 (Green / Amber / Red)	Action Required	Revised Rating March 22	Comments
<b>1</b>	<b>The Responsibilities of the Chief Finance Officer and Leadership Team</b>				
A	The leadership team is able to demonstrate that the services provided by the authority provides value for money.	Amber	Annual Value for Money report to be built into Medium Term Financial Strategy (March 22)	Green	Using our resources effectively is included in Annual Statement of Assurance rather than MTFS. Assessed as adequate in Internal Audit Report.
B	The Authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	Green		Green	
<b>2</b>	<b>Governance and Financial Management Style</b>				
C	The Leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	Amber	Governance Documentation to be built into new website. Make policies available at single point on Sharepoint. (March 22)  Revised Code of Conduct to be approved by Policy and Strategy Committee. (March 22)  Automated reminder to staff to ensure compliance with Register of Interests. (March 22)	Amber	New website due to go live April 22. Available governance documentation will be available. Governance review currently underway and website will also include this when completed.  Reviewed as part of Code of Ethics approval – Fire Authority 3 September 2021. Policy 2213  Undertaken April 22.

Section	Standards	Internal Rating July 21 (Green / Amber / Red)	Action Required	Revised Rating March 22	Comments
D	The Authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	Green		Green	
E	The Financial Management Style of the authority supports financial sustainability.	Green		Green	
<b>3</b>	<b>Long to Medium Term Financial Management.</b>				
F	The Authority has carried out a credible and transparent Financial Resilience Assessment.	Green		Green	
G	The Authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members.	Amber	Strengthen link between Medium Term Financial Strategy (MTFS) and Strategic Plan (CRMP). (December 21)  Consider additional scenario Planning in MTFS. (December 21)	Green	MTFS approved alongside CRMP and funding provided for key projects in CRMP.  Scenario planning included in MTFS
H	The Authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	Green		Green	
I	The Authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans.	Amber	Develop Corporate Asset Management Plan (December 21)	Green	Estates Strategy fulfils all requirements of the Asset Management Plan so on review, this was not considered necessary.

Section	Standards	Internal Rating July 21 (Green / Amber / Red)	Action Required	Revised Rating March 22	Comments
<b>4</b>	<b>The Annual Budget</b>				
J	The Authority complies with its statutory obligations in respect of the budget setting process.	Green		Green	
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.	Green		Green	
<b>5</b>	<b>Stakeholder Engagement and Business Plans</b>				
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.	Amber	Include budget information in Strategic Plan consultation (February 22).	Green	CRMP consultation included questions on Strategic Goal 6 – We will manage and invest in our service to ensure we are fit for the future. Included approach to financial sustainability and capital investment.
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	Green		Green	

Section	Standards	Internal Rating July 21 (Green / Amber / Red)	Action Required	Revised Rating March 22	Comments
<b>6</b>	<b>Monitoring Financial Performance</b>				
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Green		Green	
O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.	Amber	Develop Corporate Asset Management Plan (December 21)	Green	Estates Strategy fulfils all requirements of the Asset Management Plan so on review, this was not considered necessary.
<b>7</b>	<b>External Financial Reporting</b>				
P	The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom.	Green		Green	
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.	Green		Green	

**Total Amber: 1**

**Total Green: 16**

**OFFICIAL SENSITIVE**

**To: The Chief Fire Officer, Nottinghamshire Fire and Rescue Service**

**Subject: NFRS – CIPFA Financial Management Code**

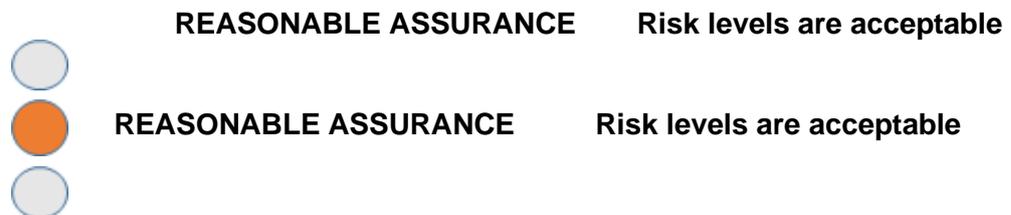
**Date: March 2022**

## **1 Introduction**

- 1.1 The purpose of the review is to examine the evidence to confirm that the Fire Service complies with CIPFA's Financial Management Code (FM Code).
- 1.2 CIPFA has developed the FM Code, which sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, have in place by the end of FY 2021/22.

## **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: -



## **3 Risk areas examined**

- 3.1 During this audit we looked for controls to address the following key risks arising from each of CIPFA's six principles: -

<i>Risk title</i>	<i>Description</i>
Leadership	There may be a lack of clear leadership or strategic direction.
Accountability	Governance and internal control arrangements may not be operating effectively and that those responsible for the effective operation of these arrangements may not be held accountable. Ineffective financial planning, risk management or data management may result.
Transparency	Data may be reported inconsistently, incompletely or inaccurately.

Professional Standards	Professional standards by leadership may not be adhered to.
Sources of Assurance	There may be inadequate or unrecognised sources of assurance.
Long-term Sustainability and Value for Money (VFM)	Processes may not ensure the prudent use of resources.

3.2 The scale of the area reviewed is: -

<i>Metric</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>
<i>Net Revenue Expenditure (£m)</i>	<i>42.715</i>	<i>42.080</i>	<i>44.890</i>
<i>Capital Expenditure (£m)</i>	<i>1.075</i>	<i>1.858</i>	<i>3.249</i>

#### 4 Audit findings

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

- Self-Assessment - In accordance with the Code, the Fire Authority can evidence that they have reviewed their financial management arrangements against the Standards and that they have taken such action as may be necessary to comply with them. The Head of Finance has carried out a self-assessment and gap analysis and presented this to the Finance & Resources Committee in July 2021. Where gaps have been identified, actions have been put into place to address those.
- Leadership – A governance framework is in place, with established financial reporting arrangements.
- Accountability – Regular reports and oversight is conducted through the Fire Authority, SLT (weekly meetings), Operational Learning Board (bi-monthly), Programme and Performance Board (monthly), and the Service Delivery and Evaluation and Assurance Group (quarterly).
- Long-term sustainability and VFM – the Strategic Plan contains information on the budget and is a key document informing the Medium-Term Financial Strategy (MTFS). The MTFS includes the priorities outlined in the Strategic Integrated Risk Management Plan (IRMP) and links together with all other strategies of the organisation such as the Capital Strategy, Treasury Management Strategy and Reserves Strategy. VFM is driven in budget reviews and monitoring, project management, contract management and financial management. The Annual Statement of Assurance 2020/2021 concluded that arrangements for securing VFM were achieved.

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 brief details of the related findings, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	0	Immediate
Priority 2	4	Within two months

#### **Priority 2 areas**

- Leadership - Several policies and procedures in relation to governance arrangements have not been updated in accordance with the revision schedule and have been found to be out of date.
- Accountability - The processes to identify when a budget holder has over-committed capital expenditure are not robustly applied and have allowed a budget to become significantly overspent.
- Professional Standards - Financial Regulations, Financial Procedures and Statement of Financial Principles are out of date.
- Sources of Assurance - Several internal audits have been delayed or could not be completed as a result of incomplete information being provided.

#### **4.4 Advisory Areas**

In addition to the above, several actions were identified through the gap analysis.

Work remains in progress regarding the following:

- Codes of conduct – due to be approved by the end of the financial year and circulated to all staff. Once done, a Net Consent report will be sent to audit confirming this action.
- Need to undertake a savings review once funding levels can be predicted with greater certainty. This will happen as part of the 2022/23 MTFS.

It is advised that Management complete any outstanding actions required to comply with the FM Code.

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

**Audit supervised by: Philip Dent  
Audit Supervisor**

**Rob Disney, Group Manager Assurance**

Internal Audit final report 2021-09 – March 2022	<b>ACTION PLAN</b> NFRS – CIPFA Financial Management Code	<b>OFFICIAL SENSITIVE</b>
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Audit Finding	Recommendation	Management Response
<b>Priority 1 areas</b> (Essential for effective internal control, must implement recommendations to improve existing control arrangements)		
<p><b>1. Accountability and Governance</b>            Work undertaken by the Executive Officer has revealed that many of the policies and procedures in relation to governance have not been updated for a long time and are outdated. This includes:</p> <ul style="list-style-type: none"> <li>• The Chief Financial Officer (CFO) Scheme of Delegation - the document that governs the CFOs responsibilities and powers;</li> <li>• The Standing Orders – This is essentially the “Rule Book” for running NFRS;</li> <li>• Members Allowance Scheme – This scheme sets out the remuneration entitlement of Members</li> </ul> <p>Also, many of the documents are not available on the intranet or public website.</p> <p>In November 2021, the Policy and Strategy Committee considered a proposal to review NFRS’s constitution and associated governance and this was approved.</p> <p><b>Risk: There may be a lack of effective accountability, governance or control.</b></p>	<p><b>Where policies and procedures have been found to be out of date, these should be revised and approved.</b></p> <p><b>Revised policies should be made available on the intranet and/or public website as appropriate.</b></p>	<p><b>Response</b>            The policies will be reviewed and amended in consultation with the Clerk to the Fire Authority (CFA) throughout 2022.</p> <p><b>Date for implementation</b>            Ongoing – 31 December 2022</p> <p><b>Officer responsible for implementation</b>            Executive Officer and Clerk to the Fire Authority</p>

Internal Audit final report 2021-09 – March 2022	<b>ACTION PLAN</b> NFRS – CIPFA Financial Management Code	<b>OFFICIAL SENSITIVE</b>
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Audit Finding	Recommendation	Management Response
<p><b>2. Budgetary Control</b></p> <p>Orders placed on the ICT capital budget exceeded the budget by £125k, although the budget holder had discussed budget requirements with SLT and would have been aware of their budget at the beginning of the year.</p> <p>The ability to overspend is not prevented by system controls. Budget monitoring is carried out with monthly meetings with budget holders (where possible) but this does not always happen if staff are busy or unavailable. Where orders are placed which exceed the budget, this is not flagged up in Agresso and orders over £10k from existing frameworks or contracts are not usually scrutinised by Finance when they are authorised.</p> <p>A review of training materials is underway.</p> <p><b>Risk: Inadequate financial resources to meet commitments. Lack of clarity regarding budgetary control.</b></p>	<p><b>In line with Financial Regulations, budget holders should report on any variances in their own areas and take any action necessary to avoid exceeding their budget allocation.</b></p> <p><b>More robust measures may include:</b></p> <ul style="list-style-type: none"> <li>• <b>budget holders submitting monthly returns to confirm they have reviewed their expenditure</b></li> <li>• <b>having system controls to flag up when the budget is being exceeded.</b></li> </ul> <p><b>The revised training materials should reinforce best practice guidance around budgetary control.</b></p>	<p><b>Response</b></p> <p>Currently looking at an approach to send a system generated email out to budget holders identifying headline budget monitoring which will require a response.</p> <p>System controls are not compatible with the way that the system is built for all budgets. However, an additional process can be built in to check budgetary provision for orders in excess of £10k.</p> <p><b>Date for implementation</b> 30 September 2022</p> <p><b>Officer responsible for implementation</b> Assistant Head of Finance</p>
<p><b>3. Financial Regulations, Financial Procedures and Statement of Principles</b></p> <p>Financial Regulations set out that the Director of Finance is responsible for maintaining a continuous review of Financial Regulations and submitting any changes to the Fire Authority for approval. Financial Regulations, Procedures and Principles policies have not been updated since 2017 and are now out of date.</p> <p><b>Risk: Outdated requirements that reduce financial controls.</b></p>	<p><b>Financial Regulations, Financial Procedures and Statement or Principles should be reviewed and updated in accordance with the agreed refresh schedule.</b></p>	<p><b>Response</b></p> <p>Currently under review.</p> <p><b>Date for implementation</b> 30 September 2022</p> <p><b>Officer responsible for implementation</b> Assistant Head of Finance</p>

Internal Audit final report 2021-09 – March 2022	<b>ACTION PLAN</b> NFRS – CIPFA Financial Management Code	<b>OFFICIAL SENSITIVE</b>
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Audit Finding	Recommendation	Management Response
<p><b>4. Incomplete or Delayed Audits</b></p> <p>It has been difficult to complete all planned audits in the last two years and some audits were incomplete or delayed due to lack of staff engagement or availability.</p> <p>It is acknowledged that the Covid-19 pandemic has contributed to the pressures, however.</p> <p><b>Risk: The Annual Audit Report may contain a limitation of scope, which would come to the attention of External Audit.</b></p>	<p><b>It is important for all staff to engage in the audit process and SLT should emphasise the importance of clear engagement and communication with Internal Audit.</b></p>	<p><b>Response</b></p> <p>This concern was discussed at the Strategic Leadership Team on 1 February 2022. The Group Manager (Assurance) was in attendance representing NCC Internal Audit.</p> <p><b>Date for implementation</b></p> <p>Completed at SLT on 1 February 2022</p> <p><b>Officer responsible for implementation</b></p> <p>Head of Finance</p>

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Finance and Resources Committee

# **CORPORATE RISK MANAGEMENT**

Report of the Chief Fire Officer

**Date:** 22 April 2022

**Purpose of Report:**

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

**Recommendations:**

That Members:

- Note the most recent version of the Corporate Risk Register and the work ongoing to mitigate the risk to the Authority.
- 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.
- Agree to the removal of Risk 10 (use of vehicles on authority business) and risk 14 (Covid-19) from the corporate risk register.

## **CONTACT OFFICER**

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Assistant Chief Fire Officer

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**Media Enquiries Contact** Corporate Communications Team  
(0115) 967 0880 corporatecomms@notts-fire.gov.uk

## **1. BACKGROUND**

- 1.1 The Authority continues to follow the robust risk management process, enabling the consideration of key external and internal risks as part of the management decision-making process.
- 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 and the key risks to which the Authority is exposed.
- 1.4 The Authority's Corporate Risk Register details those risks that 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 (CRR) dated April 2022 is attached at Appendix A. The format and presentation of the Corporate Risk Register has been updated to enhance readability and provide visual indication of the changing risk landscape impacting the Service.
- 2.2 The risks contained within this register are those the Service has identified as being the most significant in terms of impacting on Service priorities. Members will note the activities in place and plans to mitigate those risks.
- 2.3 Global issues including inflation, the conflict in Ukraine and Britain's exit from the EU continue to impact on the Service's ability to set a balanced budget (Risk 1) and availability of resources (Risk 9), however risk management arrangements in place are considered sufficient to mitigate the risk at this time, therefore the residual risk score has not been escalated.
- 2.4 The risk associated with the firefighters' pension scheme (Risk 2) has been updated to reflect uncertainty relating to application of the remedy following the McCloud case. The risk associated with this issue remains very high.
- 2.5 The residual risk associated with mobilising has been reduced to medium by the risk owner due to high levels of assurance relating to business continuity planning and fall-back arrangements in place. The narrative has been updated to reflect that work is commencing on retendering of the control operating system and the Service will continue to monitor the level of risk associated with this critical activity and system.

- 2.6 The inherent risk associated with the use of vehicles on Authority business (Risk 10) has been deescalated due to the sustained improvement in reduction of vehicle collision numbers and costs. Established governance and assurance processes in place as part of business as usual have been proven effective over the medium term. It is therefore proposed that this risk be removed from the Corporate Risk Register as strategic oversight is no longer required.
- 2.7 Furthermore, it is recommended the risk associated with Covid 19 response and recovery be removed from the risk register due to a de-escalation in the inherent risk rating. The Service has proven business continuity arrangements in place to minimise disruption and ensure delivery of critical functions which can be stepped up at any point if required. Routine monitoring of key performance indicators demonstrates that Service activity levels have recovered to or are exceeding pre-covid levels of performance.
- 2.8 The Service has been working with its insurance providers on the 2022-23 insurance renewal. A hardening of the insurance market and inflationary increase to some policies, has resulted in additional policy costs. In particular, home-working arrangements have increased cyber risk for insurance underwriters, resulting in increased costs and policy limitations in this area. This has been offset by a reduction in the vehicles policy.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The minimum level of General Fund reserves is reviewed each year and set according to the perceived financial risk. For 2022/23 the minimum level remains at £4.5m. General Fund reserves are expected to be £5.3m at 31 March 2022. Any unfunded additional costs which arise as a consequence of risks identified in this report will need to be met from Reserves.
- 3.2 A hardening of the insurance market and inflationary increase to some policies has resulted in additional policy costs of circa £25K. In addition, home working arrangements have increased cyber risk for insurance underwriters, resulting in increased costs and policy limitations in this area.

### **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**

- 5.1 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.

5.2 There are a range of risks identified on the Corporate Risk Register which are mitigated by workstreams relating to equality and inclusion including employee engagement, workforce sustainability and preventable deaths.

5.3 Equality and inclusion workstreams identified on the Corporate Risk Register include the following:

- Engagement with Equalities Steering Group and the Employee Engagement Network;
- Recruitment practices and occupational health and wellbeing interventions that proactively drive the equality and inclusion agenda at NFRS;
- Proactive targeting of prevention activities at those communities and individuals most at risk of harm from fire and other risk factors.

These are discussed in more detail in the Service's People Strategy, Workforce Plan and Community Safety Strategy.

5.4 The Community Risk Management Plan (CRMP) has been consulted and published on 1 April 2022. Strategic Goal 4: we will continue to support and develop our workforce and promote and inclusive Service, further supports the Service commitment to EDI.

## **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**

It is recommended that Members:

- 10.1 Note the most recent version of the Corporate Risk Register and the work ongoing to mitigate the risk to the Authority.
- 10.2 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.
- 10.3 Agree to the removal of Risk 10 (use of vehicles on authority business) and Risk 14 (Covid-19) from the corporate risk register.

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

None.

Craig Parkin  
**CHIEF FIRE OFFICER**

# Corporate Risk Register

April 2022



**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

‘The Corporate Risk Register provides information on the very high and high risks in the Service. The document also assesses the likelihood and impact of each risk’.

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## Introduction

Nottinghamshire Fire and Rescue (NFRS) Corporate Risk Register (CRR) is used to identify, analyse and prioritise those risks that may affect the ability of the Service to achieve its' Strategic Objectives, as detailed within the Community Risk Management Plan (CRMP).

The following Matrix is used to assess the level of risk posed to the service. Risks which pose a high or very high risk are recorded, managed and monitored via the corporate risk register with oversight at a Strategic Level.

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Likelihood	5	Medium	High	V High	V High	V High
	4	Medium	High	V High	V High	V High
	3	Medium	Medium	High	High	High
	2	Low	Low	Medium	Medium	Medium
	1	Low	Low	Low	Low	Low
		1	2	3	4	5
		Impact				

Likelihood		
Rating	Score	Likelihood issue will occur
Almost Certain	5	Almost certain within the coming year.
Likely	4	Very likely to occur in coming year
Possible	3	More likely than not in coming year
Unlikely	2	Potential, but not often
Rare	1	Little evidence of occurrence
Impact		
Rating	Score	Impact of issue occurring
Severe	5	Permanently or long disruption
Major	4	Medium-term disruption
Moderate	3	Short term disruption
Minor	2	Day to day management
Negligible	1	Little or no impact on Service



### Residual Risk Changes

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Likelihood	5						
	4			5	2		
	3		14	1	4	7 8. 9	
	2				12 3	6 11 13	
	1						10
			1	2	3	4	5
		Impact					

<b>Ref 1</b>											<b>Inability to set a balanced budget and to contain spending within existing budgets</b>										
<b>CRMP: Strategic Goal 6:</b> We will manage and invest in our Service to ensure it is fit for the future.																					
<b>Risk Owner: Head of Finance (on behalf of the CFO)</b>																					
Risk Description						Owner Assurance Commentary						Key Projects									
Risk of overspending in 2022/2023 due to impact of uncertain national economic position – high inflation / impact on pay awards / increasing interest rates / supply chain issues / ongoing war in Ukraine.						Rigorous budget monitoring procedures in place. Budget monitoring reported regularly to SLT and Finance and Resources Committee.						Efficiency Strategy.									
Medium term risk of not being able to set a balanced budget due to uncertain economic climate (see above) and risk of not delivering the efficiency strategy.						Internal audit of financial management including budgetary control.						Reserves Strategy.									
Reduction in income due to changes in local economy (devolution / impact of any future Covid restrictions and reliance on Section 31 Grants – Pension grant and one-off services grant).						Efficiency Strategy to be presented to Policy and Strategy Committee in May 2022.						Medium-Term Financial Strategy (MTFS).									
One-year funding settlement for 2021/2022 has created uncertainty about funding in future years.						Careful use of reserves to provide resource to deliver Efficiency Strategy and enable a balanced budget to be set in future years.						Comprehensive Spending Review									
						MTFS to consider all aspects of funding and expenditure – to be reported to Fire Authority in December 2022.						Implementation of McCloud remedy (see Risk 2)									
						Participation in devolution discussions to protect financial position of the Authority.															
Inherent Risk Score											Residual Risk Score										
Likelihood	4	Impact	4	Total	16(VH)	Likelihood	3	Impact	3	Total	9(H)										

<b>Ref 2</b>											<b>Firefighter’s Pension Scheme – impact of McCloud remedy and other ongoing legal cases.</b>																		
<b>CRMP: Strategic Goal 6:</b> We will manage and invest in our Service to ensure it is fit for the future.																													
<b>Risk Owner: Head of Finance (on behalf of the CFO)</b>																													
Risk Description						Owner Assurance Commentary						Key Projects																	
<p>Lack of national clarity and guidance making implementation very difficult. Immediate Detriment cases will need to be addressed before national guidance is available and new legislation approved. Increased complexity and additional associated workload for NFRS staff and pension administration will have impact on ability to provide a timely and accurate pension administration service.</p> <p>Increased risk of legal claims against NFRS.</p> <p>The costs of implementing the remedy are likely to be significant and some of these are expected to fall to individual Fire Authorities.</p>						<p>This is a national issue with the Fire Service being led by the Local Government Association (LGA). The complexities of the remedy increase the likelihood of a national skills shortage in this area.</p> <p>Regular report to Policy and Strategy Committee.</p> <p>The Service’s Pension Scheme Administrators – West Yorkshire Pension Fund (WYPF) provide services to about half Fire Services and have significant specialist knowledge which NFRS has access to.</p> <p>Use of shared pension expertise with Leicestershire and Derbyshire Fire Services.</p> <p>Budget provision for additional internal pension resources.</p>						<p>Implementation of McCloud remedy.</p> <p>Monitoring of situation by Scheme Manager and Local Pension Board.</p> <p>Regular updates to Policy and Strategy Committee.</p> <p>Involvement of Head of Finance and scheme administrators at national level.</p>																	
																		Inherent Risk Score						Residual Risk Score					
																		Likelihood	4	Impact	4	Total	16(VH)	Likelihood	4	Impact	4	Total	16(VH)

<b>Ref 3</b>		<b>Mobilising</b>									
<b>CRMP: Strategic Goal 3:</b> We will respond immediately and effectively to emergency incidents.											
<b>Risk Owner: Assistant Chief Fire Officer</b>											
<b>Risk Description</b>				<b>Owner Assurance Commentary</b>				<b>Key Projects</b>			
Service is unable to receive and act on emergency calls in contradiction of statutory duty				Fire 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.				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.			
Joint Fire Control project was implemented in July 2019 with ongoing management, governance and contract monitoring arrangements.				Testing of the 'fall back' business continuity arrangements are completed at periodic intervals to assure business continuity arrangement between JFC and Leicestershire FRS.				Familiarity and BCP confidence has developed within control rooms, continual support and communication to be provided to control staff.			
Continuity with the planned re-tender of The operating system.				The robustness and resilience of communications equipment between control rooms, stations and appliances must be maintained.				Testing and exercising schedule in place and reviewed annually.			
				Joint Control SLA in place. Joint Control currently exceeding agreed performance indicators.				The review of resilience crewing arrangements is ongoing. This links to Joint Fire Control Risk Register.			
				Residual Risk has reduced to Medium (from High). However with Key Project to review/re-tender, ongoing sight on the CRR is appropriate.				Re-tender of the operating system has been initiated, with a Tri-Service Area Manager facilitating.			
<b>Inherent Risk Score</b>						<b>Residual Risk Score</b>					
<b>Likelihood</b>	<b>3</b>	<b>Impact</b>	<b>5</b>	<b>Total</b>	<b>15(H)</b>	<b>Likelihood</b>	<b>2</b>	<b>Impact</b>	<b>4</b>	<b>Total</b>	<b>8(M)</b>

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<b>Ref 4</b>	<b>Employee engagement</b>	
<b>CRMP: Strategic Goal 4:</b> We will continue to support and develop our workforce and promote and inclusive Service, further supports the Service commitment to EDI.		
<b>Risk Owner: Assistant Chief Fire Officer</b>		
<b>Risk Description</b>	<b>Owner Assurance Commentary</b>	<b>Key Projects</b>
Negative employee relations.	SLT champion positive engagement with staff and representative bodies.	Open communications including effective use of technology to publish key decision minutes. Ensure engagement with employee networks.
Risk that the Service will be unable to effectively deliver high quality services or improvements due to a lack of employee engagement and/or low morale.	Engagement through Panels with the JCNP arrangements.	Changes to employee networks implemented September 2021.
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.	Organisational Development and Communications strategy focus upon staff engagement. This is particularly important in relation to the relocation to a joint HQ with the Police.	Ensure adequate resourcing to comply with national requirements
The outcomes from the Firefighter national pension tribunals (McCloud and Matthew cases) may result in individual or collective changes which could result in IDRP, pension ombudsman or High Court or Tribunal Claims.	Continual dialogue with the representative bodies to deescalate any local issues.	2 yearly employee survey to identify areas for improvement and address via action plan.
Potential for national dispute arising from national pay and conditions negotiations during 2022/23.	Pension issues are being managed through the Pensions Scheme Manager to mitigate any risks, deal with issues as they arise and referral of policy decisions to the Fire Authority and reports to the Pension Board. The Service engages with the LGA (Fire Pensions Team) and national legal advisors for guidance on application and interpretation of the Regulatory process. Employees or retired members will be kept informed and contacted in relation to their situation. A new Pensions Advisor role has been funded to ensure that communication	Employee engagement forms part of the workstream for the JHQ project.  Management of pensions changes arising from changes to regulations.

Corporate Risk Register



					with pension scheme members is maintained.  Industrial action business continuity plan in place and exercised September 2021.						
Inherent Risk Score					Residual Risk Score						
Likelihood	3	Impact	5	Total	15(H)	Likelihood	3	Impact	4	Total	12(H)

<b>Ref 5</b>	<b>Workforce sustainability</b>	
<b>CRMP: Strategic Goal 4:</b> We will continue to support and develop our workforce and promote and inclusive Service, further supports the Service commitment to EDI.		
<b>Risk Owner: Assistant Chief Fire Officer</b>		
<b>Risk Description</b>	<b>Owner Assurance Commentary</b>	<b>Key Projects</b>
Inability to maintain sufficient or adequate workforce to meet service requirements, competency of staff, loss of corporate memory and business continuity issues	Annual workforce plan, provides an overview of workforce projections and identifies key priority areas. This supports planning for anticipated vacancies and recruitment to key roles.	SLT monitor key performance metrics including workforce numbers, skills and competencies and workforce requirements.
Potential Risk have been identified as to the resilience of WDS rostering arrangements due to supplier/ client relationship.	L&D ensures delivery of effective acquisition and revalidation of operational training against national standards. 3-year training plan has been developed integrating revalidation of all operational core competencies.	BCM exercise programme coordinated by Risk and Assurance Team.  L&D assurance function in place with Service Delivery.
Loss of key corporate and ICT skills has the potential to reduce capacity for delivery in some areas over the short term due to skill gaps.	Leadership and management framework e.g. ILM (Inc. Coaching and mentoring). Amalgamation of L&D.	Wholetime recruitment campaign underway for appointment commencing April 2023.  Occupational Health interventions. Wellbeing Strategy to promote healthy lifestyles and reduce risk of long-term ill health. Focus on mental health in 2020-22.
The impact of Firefighter pension Regulation changes could result in a higher level of operational retirements than normal.	Managers complete business impact analysis to inform issues in BCM plans.	An outline business case was presented to SLT in early 2020 which identified both the need and benefits of a new rostering system. The project is one of the year three strategic priorities for 21-22.
The Service has seen a higher than expected turnover level for support roles during 2021 – 2022 (20%) and the recruitment market has become increasingly competitive. This may lead to longer vacancy times.	Monthly ridership meetings to consider deployment of resources by Area Manager (Response) to maintain appliance availability. Management of ill	Oversight at PO level is via the ACFO. Temporary and fixed term contracts are being used to reduce



					<p>health and absence levels to ensure optimum attendance levels.</p> <p>Current WDS rostering arrangements that support management of the CA are delivered by RosterMagic. RosterMagic enables the Service to determine the efficient and effective use of resources, ensure that sufficient Firefighters are on duty to provide the required levels of service.</p> <p>The Service is currently undertaking work to establish the Service as an employer of choice for prospective candidates in order to increase applicant response.</p>	<p>impact and support has been made available from neighbouring FRS's whilst key posts are filled.</p>					
<b>Inherent Risk Score</b>					<b>Residual Risk Score</b>						
Likelihood	4	Impact	4	Total	16(VH)	Likelihood	4	Impact	3	Total	12(VH)



<b>Ref 6</b>	<b>Preventable deaths</b>	
<b>CRMP: Strategic Goal 1:</b> We will help people stay safe from fires and other emergencies.		
<b>CRMP: Strategic Goal 2:</b> We will improve fire safety in the buildings people live and work in.		
<b>Risk Owner: Assistant Chief Fire Officer</b>		
<b>Risk Description</b>	<b>Owner Assurance Commentary</b>	<b>Key Projects</b>
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	<p>Strategic plan purpose for Creating Safer Communities now in place. Prevention and Protection strategy and local/district business plans within Service Delivery.</p> <p>District profiles that inform Service activity.</p> <p>Partnership working with other agencies to identify and target interventions at high risk individuals and premises/sites. NFCC national campaign support locally.</p> <p>Fire investigations to identify learning. Serious fire incident review panel in place to review incidents and Service actions.</p> <p>Information sharing across Service departments to learn from events. Development within the continuous improvement project for target setting and learning.</p> <p>Engaged in Nottinghamshire Road Safety Partnership meetings to coordinate road safety initiatives.</p>	<p>iMatch Software installation complete and in use. Data led Safe and Well now in use to target resources to risk.</p> <p>Adult Social Care and Exeter database. Partnership mapping review in progress.</p> <p>Upgrade of CFRMIS system 6.3 with better functionality for users.</p> <p>Roll out of CFRMIS Vulnerable Persons Module.</p> <p>Communications steering group to raise profile incl. e.g. vehicle wrapping for key messages/ accessibility of services/ inclusion and marketing</p> <p>Further referrer training for partners and other agencies to ensure effective referral of vulnerable people -</p> <p>Development of online referral pathways for prevention and protection concerns from partners &amp; public.</p> <p>Review of Safe &amp; Well questions to ensure effective delivery</p> <p>Review of RBIP to ensure proper assessment of risk in the County.</p>

					<p>Prevention &amp; Protection activities are evaluated and quality assured. These processes are reported and monitored through the quarterly evaluation and assurance board.</p> <p>Engagement of Occupational Therapist to ensure effective engagement with most vulnerable and referrals to partners</p> <p>Increase in productivity relating to SWVs and Audits – detailed within Strategy.</p> <p>Attendance and information sharing at MASH and City Social Care teams.</p> <p>CHARLIE profile evaluated by Nottingham Trent University and confirmed 'fit for purpose'.</p> <p>New RBIP implemented and reviewed by HMICFRS and NFCC PPRU.</p>	<p>Evaluation of CHARLIE profile to ensure continued relevance.</p>					
<b>Inherent Risk Score</b>					<b>Residual Risk Score</b>						
<b>Likelihood</b>	<b>4</b>	<b>Impact</b>	<b>5</b>	<b>Total</b>	<b>20VH</b>	<b>Likelihood</b>	<b>2</b>	<b>Impact</b>	<b>5</b>	<b>Total</b>	<b>10M</b>



<b>Ref 7</b>	<b>Health, Safety, and Welfare</b>	
<b>CRMP: Strategic Goal 3:</b> We will respond immediately and effectively to emergency incidents.		
<b>Risk Owner: Assistant Chief Fire Officer</b>		
<b>Risk Description</b>	<b>Owner Assurance Commentary</b>	<b>Key Projects</b>
<p>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.</p>	<p>The existence of the safety management system and availability of ‘competent persons’ to advise the Service of its duties.</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 operational de-briefs feeding into Operational Learning Board.</p> <p>Service learning from major events affecting FRSS via NOL/JOL to Service Health, Safety and Welfare Committee</p> <p>Health and Safety and role specific training ensures competence of employees</p> <p>Organisational Learning Policy in place including the EP1 process.</p> <p>Operational Learning Board in place and meeting on a Bi-monthly basis.</p>	<p>Co-ordinated risk management approach being adopted to address NOG and training involving peer FRSS to address interoperability and achieve 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. A Communications Plan is currently being devised in line with National campaigns, and internal stakeholders. The communications plan will provide details of projects for H&amp;S team and internal communications will be used to cascade information, as well as positive articles to keep Safety as part of the Service News. E.g. News on MyNet, informative, OAB etc.</p> <p>Implementation of NOG.</p> <p>Station based audit programme in place led by Response.</p> <p>Roll out of performance framework.</p>

# Corporate Risk Register



<p>Risk of inaccurate or incomplete risk information being available to crews on the incident ground via the MDT</p>					<p>Risk information includes Site Specific Risk Information, Operational Guidance, Crash Data and Chem Data.</p> <p>A Service wide task and finish group has been convened to manage this risk and put remedial actions in place. These are short, medium and long terms actions.</p>					<p>Intensified ICT support to improve turnaround times when MDT failures reported. Supplier has recruited new engineer. Ongoing works to with ICT on MDT platform.</p> <p>Systems in place to allow for more frequent remote checking of functionality and updating of MDT risk data</p> <p>Project includes use of secondary device.</p> <p>Longer term programme of work initiated in relation to the future provision of a mobilising system for the Service.</p>				
Inherent Risk Score					Residual Risk Score									
Likelihood	4	Impact	5	Total	20(VH)	Likelihood	3	Impact	5	Total	15(H)			

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<b>Ref 8</b>		<b>Emergency Services Network</b>									
<b>CRMP: Strategic Goal 5:</b> We will continue our improvement journey to deliver an outstanding Service.											
<b>Risk Owner: Assistant Chief Fire Officer</b>											
<b>Risk Description</b>				<b>Owner Assurance Commentary</b>				<b>Key Projects</b>			
The risk that lack of robust operational communications will affect the delivery of public services during the transition to ESN				<p>Nationally agreed programme funded by government.</p> <p>Airwave remains in place until successful transition has been achieved.</p> <p>Work is being progressed regionally on required interim measures in conjunction with the Home Office.</p> <p>Internal project Manager established.</p> <p>Permanent establishment has been agreed for the dedicated PM post in Service.</p> <p>Clear, established communication channels between the Home Officer and Service PM are in place.</p> <p>Regular assessment and reporting to the CFA on future implications.</p>				<p>Greater collaboration to assure transition and long-term capability management, seeking multi service support and reduce duplication in activity.</p> <p>ESN action plan to deliver a more robust and secure infrastructure.</p>			
<b>Inherent Risk Score</b>					<b>Residual Risk Score</b>						
<b>Likelihood</b>	<b>4</b>	<b>Impact</b>	<b>5</b>	<b>Total</b>	<b>20(VH)</b>	<b>Likelihood</b>	<b>3</b>	<b>Impact</b>	<b>5</b>	<b>Total</b>	<b>15(H)</b>

<b>Ref 9</b>		<b>Availability of resources</b>									
<b>CRMP: Strategic Goal 3:</b> We will respond immediately and effectively to emergency incidents.											
<b>CRMP: Strategic Goal 6:</b> We will manage and invest in our Service to ensure it is fit for the future.											
<b>Risk Owner: Assistant Chief Fire Officer</b>											
<b>Risk Description</b>				<b>Owner Assurance Commentary</b>				<b>Key Projects</b>			
The risk that the Service will lose widespread access to key resources – premises, equipment, ICT systems/employees, Airwave TE02 Radio Licence impacting its ability to deliver services				<p>Business continuity plans are in place. Service has attained the National Cyber Security Centre (NCSC) Cyber Essentials PLUS standard on its corporate infrastructure. Competent managers. Property Strategy. Transport Strategy. NFRS have a vehicle degradation policy that can be initiated to meet the possible shortfall if appliances that are not available for operational deployment.</p> <p>Service policy framework for employees.</p> <p>The Service has specific ICT disaster management plans in place, BCM actions and procedures for out-of-hours response. The Service is moving to clouds-based servers which increase resilience.</p>				<p>BCM plans to be reviewed, with testing and exercising on a programmed, auditable basis.</p> <p>Tri-Service partners continue to work with Systel to maintain availability of Control Room solution.</p> <p>Upgrade of Control Room solution as part of the ESN project to ensure LFRS and DFRS are ability to retain Airwave CoCo.</p> <p>BCMG and SLT members continue to monitor potential supply chain issues caused by Exit from the EU and the conflict in Ukraine.</p>			
<b>Inherent Risk Score</b>						<b>Residual Risk Score</b>					
<b>Likelihood</b>	<b>4</b>	<b>Impact</b>	<b>5</b>	<b>Total</b>	<b>20VH</b>	<b>Likelihood</b>	<b>3</b>	<b>Impact</b>	<b>5</b>	<b>Total</b>	<b>15(H)</b>

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<b>Ref 10</b>	<b>The use of vehicles on Authority business</b>	
<b>CRMP: Strategic Goal 3:</b> We will respond immediately and effectively to emergency incidents.		
<b>CRMP: Strategic Goal 6:</b> We will manage and invest in our Service to ensure it is fit for the future.		
<b>Risk Owner: Assistant Chief Fire Officer</b>		
<b>Risk Description</b>	<b>Owner Assurance Commentary</b>	<b>Key Projects</b>
<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>	<p>Routine monitoring of vehicle collision data in place via Service Health, Safety and Welfare Committee.</p> <p>Improvement of vehicle collision investigations to maximise organisational learning and improved management of risk.</p> <p>Greater engagement by line managers over standards and expectations in the workplace for driving-related activities. Wider publication of event information across the Service to highlight the implications of failures in management systems and workplace practices                      Driver training (quality framework) by L&amp;D function.</p> <p>Insurance cover to mitigate financial losses.</p> <p>Driving Policies in place. The introduction of in-vehicle driving performance monitoring.</p> <p>Driver behaviour elements integrated into acquisition and revalidation driver training courses.</p>	<p>Delivery of watch based training on a trial basis covering roles and responsibilities for managers, drivers and crew members. Full evaluation to be conducted to assess effectiveness before rolling out.</p>

# Corporate Risk Register



					Transport Manager verifies drivers documentation e.g. licenses, insurance etc.									
Inherent Risk Score					Residual Risk Score									
Likelihood	2	Impact	5	Total	10 (M)	Likelihood	1	Impact	5	Total	5 (L)			



Ref 11		Legal knowledge									
CRMP: Strategic Goal 6: We will manage and invest in our Service to ensure it is fit for the future.											
Risk Owner: Assistant Chief Fire Officer											
Risk Description				Owner Assurance Commentary				Key Projects			
The risk that the Service will make decisions without full understanding of legal implications.				<p>Risk and Assurance coordinates the identification of vulnerabilities through the risk management process with departmental leads with support from Contractor.</p> <p>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> <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 (East-Midlands LawShare)</p>							
Inherent Risk Score						Residual Risk Score					
Likelihood	4	Impact	5	Total	20(VH)	Likelihood	2	Impact	5	Total	10(M)



<b>Ref 12</b>		<b>Programme governance</b>									
<b>CRMP: Strategic Goal 5:</b> We will continue our improvement journey to deliver an outstanding Service.											
<b>Risk Owner: Assistant Chief Fire Officer</b>											
Risk Description				Owner Assurance Commentary				Key Projects			
<p>The risk that the Service fails to effectively prioritise and resource programmes and projects, resulting in acute capacity issues and potential financial strain</p>				<p>Business case process requires authorisation of 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 through SLT/ CRMP Assurance Board governance model.</p> <p>Business planning process in place to ensure clear link between CRMP commitments and the Annual Delivery Plan priorities.</p> <p>The Service Project Manager reports on project and programme status to the CRMP Assurance Board monthly.</p> <p>A robust change process is used to manage change to the ADP or CRMP commitments in order to manager resources and achieve required outcomes.</p>				<p>The new CRMP provides clarity and direction which has been used to build the Year One Annual Delivery plan. A new structure of governance internally for the Service will provide a clear reporting structure, oversight and assurance for the delivery of change projects and business as usual through a series of KPMs and milestone reporting.</p> <p>The Service will continue to improve its business planning process under the new CRMP.</p>			
Inherent Risk Score						Residual Risk Score					
Likelihood	5	Impact	4	Total	20(VH)	Likelihood	2	Impact	4	Total	8(M)

<b>Ref 13</b>		<b>Environmental impact</b>									
<b>CRMP: Strategic Goal 6:</b> We will manage and invest in our Service to ensure it is fit for the future.											
<b>Risk Owner: Assistant Chief Fire Officer</b>											
<b>Risk Description</b>			<b>Owner Assurance Commentary</b>				<b>Key Projects</b>				
The risk that the Service will fail to comply with its environmental duties resulting in the potential for enforcement action.			Property Strategy – Energy saving, and generation considered as part of new build/refurbishment projects.				Development of environmental performance improvement targets integrated as part of new CRMP.				
Failure to consider environmental factors when making other business decisions may result in missed opportunities for reducing waste, emissions and purchasing environmentally superior assets that may deliver financial savings			Access to competent environmental advice.				Develop environmental reporting to all levels of the Service, SLT and the CFA to allow transparency and scrutiny.				
Evolving Government Policy concerning withdrawal of fossil fuel powered vehicles.			Environmental Strategy in place and reviewed.				Review and update of Environmental impacts.				
			Procurement process considers ‘whole life’ implications of equipment and other products bought into service.				New build construction projects include JHQ and, Worksop Fire stations include environmental sustainability as part of design.				
			When procuring services, tender requirements include assessment of environmental management of the service.				Foam discharge consent completed, and advice for new Stations can be provided at early design stage.				
			Collaborative working with the Environment Agency and partners at operational incidents.				Procurement of specialist vehicles, pumping appliances and light fleet include consideration of environmental impact as part of vehicle design/selection.				
<b>Inherent Risk Score</b>						<b>Residual Risk Score</b>					
<b>Likelihood</b>	<b>3</b>	<b>Impact</b>	<b>5</b>	<b>Total</b>	<b>15(H)</b>	<b>Likelihood</b>	<b>2</b>	<b>Impact</b>	<b>5</b>	<b>Total</b>	<b>10(M)</b>



<b>Ref 14</b>		<b>Covid-19 Response and Recovery</b>									
<b>CRMP: Strategic Goal 5:</b> We will continue our improvement journey to deliver an outstanding Service.											
<b>Risk Owner: Assistant Chief Fire Officer</b>											
<b>Risk Description</b>				<b>Owner Assurance Commentary</b>				<b>Key Projects</b>			
The risk that Covid-19 will impact on internal factors which will affect the delivery of core business and development activities.				Established business continuity management system in place and proven effective as part of Covid-19 response.  The Service continues to monitor Key Performance Indicators to ensure the Service continues to operate at Pre-Covid levels.				Service BC arrangements have entered 'Recovery' phase.			
Potential impact of Covid-19 on communities impacting on demands for prevention, protection and response activities.											
Impacts of Covid-19 on wider external factors which may have a detrimental impact on the Service over the medium to long term.											
<b>Inherent Risk Score</b>						<b>Residual Risk Score</b>					
<b>Likelihood</b>	<b>3</b>	<b>Impact</b>	<b>2</b>	<b>Total</b>	<b>6(M)</b>	<b>Likelihood</b>	<b>3</b>	<b>Impact</b>	<b>2</b>	<b>Total</b>	<b>6(M)</b>

**Document Control**

<b>Title</b>	<b>Corporate Risk Register</b>
<b>Person responsible</b>	<b>Risk and Assurance Manager</b>
<b>Date last updated</b>	<b>1, April 2022</b>
<b>Status</b>	<b>Released</b>
<b>Location</b>	

**Revision Record**

<b>Summary of changes</b>	<b>Date of change</b>
Updated layout. Risk 1 & 2 - Finance: Inherent risk amendment – Risk Description/ commentary updated. Risk 3 – Residual risk reduced due to effectiveness of mitigation in place. Risk 4 – Residual risk increased to reflect impact of pension remedy Risk 6 - Update to reflect new CFRMIS modules and the external assurance on assessments. Risk 10 – Removed due to reduction in inherent risk score. Risk 14 – Removed due to reduction in inherent risk score.	01/04/2022
Risk 4 – Updated to reflect new employee network structure & Industrial Action planning and exercise. Risk 5 – Updated to reflect loss of key support roles. Risk 6 – Updated to reflect recovery from Covid-19 Risk 7 – Updated to reflect implementation of NOG & outcomes of MDT programme of works Risk 9 – Updated to reflect potential supply chain disruption due to external factors. Risk 11 – Updated following recruitment of Business Continuity/Emergency Planning Officer Risk 13 – Updated to reflect foam discharge work complete.	24/09/2021

## Corporate Risk Register



Risk 7 – Updated to reflect position with access to risk information via MDT's (Leila Henry)	24/05/2021
Risk 1 – general update to take account of changing financial environment	03/03/2021
Risk 2 – Update to Pensions risk due to McCloud remedy developments	03/01/2021
Routine Review of Corporate Risk Register	01/03/2021
Risk 14 – New risk created related to Covid-19 response and recovery to encompass implications and actions	04/06/2020
Risk 6 – updated for impact of Covid-19	21/05/2020
Risk 1 – Updated for impact of Covid 19	07/05/2020
Risk 10 – Insertion of installation of hands free Airwave radio kits into key projects	21/04/2020
Risk 2 New Risk. Firefighter's Pension Scheme – impact of McCloud remedy. Renumbering Was Risk 2 now Risk 3, was Risk 3 now Risk 4, was Risk 4 now Risk 5, was Risk 5 now Risk 6, was Risk 6 now Risk 7, was Risk 7 now Risk 8.	13/03/2020
Risk 8 reviewed by Head of Digital Transformation.	31/01/2020
Renumbering Was Risk 9 now Risk 7, was Risk 10 now Risk 8, was Risk 11 now Risk 9, was Risk 12 now Risk 10, was Risk 13 now Risk 11, was Risk 14 now Risk 12.	28/01/2020
Risk 8 Closed. Review of the risk rating to an acceptable level – Medium. No longer presents a high risk to the Service	28/01/2020
Risk 7 Closed. 92% of actions closed on the Working at Height Action Plan. Risk Reduced to acceptable level.	28/01/2020
Risk 3 Insert Risk Outcomes of Firefighter pension tribunal and implications for NFRS e.g. Pensions Administrator provisions. Key Project – Upcoming positive action new project for 2020/21. L&D Assurance function in place with Service Delivery.	28/01/2020
Risk 1 Control Business planning process identifies impact of savings on Services Key project insertion Transformation and efficiency strategy under development.	28/01/2020
Risk 2 Removed Joint Fire Control project. Now complete as of July 2019. The project is now live business as usual. New Control Tri-Service operational board attended by AM response to represent NFRS interests.	28/01/2020
Risk 9 & 10 moved to DCFO to reflect organisational responsibilities. All risks renumbered in a sequential order.	26/09/2019
Risk 5 – iMatch Software implementation complete as of 05/06/18- update Narrative updated on each by Risk Owners Head of Finance 23/07/2019, Deputy Chief Fire Officer 12/08/2019 Assistant Chief Officer 30/07/2019	20/08/2019
Risk 4 – Key project ownership amended from AM Delivery to AM Response	17/06/2019
Risk 4 – insert RedKite PDS audit. Remove risk relating to implementation of new crewing structures. Insert risk relating to management of dual contract hours Risk 2 – insert risk associated with Joint Fire Control project	18/02/2019
Risk 1 – general update to take account of changing financial environment	03/03



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