



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

2019/20 REVENUE AND CAPITAL OUTTURN

Joint Report of the Treasurer and Chief Fire Officer

Date: 24 July 2020

Purpose of Report:

To report to Members on the provisional financial performance of the Service in the year 2019/20, analysing significant variances against the original revenue and capital budgets. The outturn position gives Members an overview of the financial position prior to the final outturn to be reported in the Statement of Accounts for 2019/20 which will be presented in draft to the Finance and Resources Committee in September 2020 prior to the external audit and to Fire Authority for approval later in the year.

Recommendations:

It is recommended that Members:

- Note the contents of this report.
- Approve the slippage of £4,182k on the capital programme.
- Approve the carry forward of surplus funding relating to the Child Home Safety Equipment Pilot in an earmarked reserve.

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1. BACKGROUND

The purpose of this report is to give Members information regarding of the Authority's financial performance in 2019/20. The outturn position may be subject to change if any issues are identified by the finance team prior to completion of the accounts or by the auditor which require amendments to revenue or capital expenditure.

2. REPORT

- 2.1 When the 2019/20 revenue budget of £42.696m was approved by the Fire Authority in February 2019, it was on the basis that a budget deficit of £1.240m would be supported by general reserves to balance the budget.
- 2.2 Total expenditure for 2019/20 was £42.096m. Of this, net expenditure of £2k was funded from Earmarked Reserves, requiring £603k of funding from General reserves. This represents an underspend position of £600k against the planned use of general reserves of £1.240m.
- 2.3 Table 1 below shows a summary of expenditure and funding.

Table 1 – Summary Expenditure and Funding Position

	Annual Budget 2019/20	Actual 2019/20	Variance 2019/20
	£000's	£000's	£000's
Employees	35,648	35,122	(526)
Premises	2,474	2,802	328
Transport	1,759	2,339	580
Supplies & Services	4,103	4,023	(80)
Third Party Payments	703	795	92
Support Services	191	184	(7)
Capital Financing	2,438	2,388	(50)
Income	(4,619)	(5,556)	(937)
Net Expenditure	42,696	42,096	(600)
Funded by:			
General Fund Reserves	(1,240)	(603)	638
Earmarked Reserves	0	(2)	(2)
Revenue Support Grant	(5,335)	(5,371)	(3)
Non-Domestic Rates	(10,828)	(10,828)	0
Council Tax	(25,293)	(25,293)	0
Total Funding	(42,696)	(42,096)	600

- 2.4 Details of variances have been reported on to Finance and Resources Committee throughout the year. Whilst the revenue budget underspend in

total is £600k, which is relatively small at 1.4% of the overall budget, within this figure there are a few significant over and underspends. These are detailed below.

- 2.4.1 **Wholetime Pay** - the wholetime pay budget is underspent by £86k this represents 0.37% of the £23m budget. Basic pay, national insurance, bank holiday pay and pension contributions are underspend by £365k and these underspends are offset by overspends on unplanned and pre-planned overtime of £26k and £251k respectively. The additional pre-planned overtime was required to fill gaps in the ridership prior to the recruitment courses being delivered.
- 2.4.2 **On-Call Pay** - this overall retained pay budget underspent by £124k. The most significant area of underspend relates to drills and training, which is underspent by £249k. This is largely due to a reduction in the number of planned recruitment courses and lower than budgeted numbers of on-call staff. The budget for turnouts is overspent by £76k. £41k of this relates to major incidents in Lincolnshire and Derbyshire, £37k of which has been recovered from the host fire authorities.
- 2.4.3 **Non-Uniformed Pay** - non-uniformed pay is underspent by £213k. This is due to posts that have been vacant during the year. There have been consistently high levels of underspend on non-uniformed pay for several years. This has been addressed in the 2020/21 budget process by increasing the vacancy factor to ensure that it more accurately aligned to levels experienced in previous years.
- 2.4.4 **Pension Costs** - the underspend is £87k. This mainly relates to ill health retirement costs these are difficult to predict as they are dependent on the number of ill health retirements during the year, and costs for each retirement can vary greatly.
- 2.4.5 **Premises Costs** - there is an overspend on premises costs of £327k. This mainly relates to Buildings Repairs and Maintenance (£88k) Utilities (£63k) and Business Rates (£42k). The building repairs overspend was largely due to additional expenditure to address Health and Safety, welfare and operational reasons. These included repairs to the heat protection in the SDC fire house, cleaning to the ducting in the smoke house, works to provide separate welfare facilities to accommodate several female fire fighters at Worksop station. The overspend on utilities was caused by higher inflationary increases than expected. The Business Rates include an additional revaluation charge of £17k for Newark station.
- 2.4.6 There was a further £147k of building alterations carried out to facilitate the move of Nottinghamshire Police to West Bridgford and Highfields. This has been recharged to the Police.

- 2.4.7 **Supplies and Services Costs** - community safety equipment underspent by £80k, but £37k of this relates to the Children’s Home Safety Equipment Scheme Countywide Pilot that has been carried out in partnership with Nottinghamshire County Council. The pilot was originally intended to finish at the end of the financial year, however it is recommended that surplus funding received from the County Council in 2019/20 is carried forward as an earmarked reserve to fund the continuation of the pilot into 2020/21.
- 2.4.8 **Transport** - this budget overspent by £580k. £210k relates to two vehicles have been damaged and repair costs are included in the expenditure pending the settlement of the insurance claims. There is also an element of unplanned maintenance and high demand for planned maintenance.
- 2.4.9 **Income** – additional income of £159k was received to offset costs from incidents such as the Toddbrook and the Wainfleet incident. In addition, £147k was recovered from the police for the works carried out at Highfields and West Bridgford. A further £191k was received in March from Central Government to cover the additional costs incurred with COVID-19. The unspent element of this at the end of March (£177k) was transferred to earmarked reserves to cover expenditure in 2020/21.
- 2.4.10 **Revenue Support Grant** - an additional £36k was received by way of Revenue Support Grant (RSG). This was an additional allocation of RSG from the Secretary of State to refund Business Rates Levy from prior years that was not utilised.

RESERVES

- 2.5 Details of the use of reserves during 2019/20 can be found in Appendix A. A net total of £605k has been utilised from reserves during the year. Total reserves as at 31 March 2020 were £9.734m.

Table 2 – Breakdown of Reserve Movement during 2019/20

Reserves	Balance 01/04/19 £'000	Net Movement 2019/20 £'000	Balance 31/03/20 £'000
Earmarked	4,763	(2)	4,761
General Fund	5,576	(603)	4,973
Total	10,339	(605)	9,734

- 2.6 The £2k net movement in Earmarked reserves includes the transfer of £181k to reserves of unused Emergency Service Network (ESN) grant and £177k Covid-19 grant received in March. £363k has been used to support revenue expenditure during the year.

2.7 After using £603k to finance the deficit for 2019/20, general fund reserves stand at £4.973m as at 31 March 2020.

CAPITAL BUDGET OUTTURN

2.8 Details of project expenditure can be found in Appendix B. Final expenditure as at 31 March 2020 was £1.843m, which is an underspend within the year of £4.755m against the Revised Budget of £6.599m.

2.9 A summary of variances is shown in the following table with explanations of major variances in the following paragraphs.

Table 3 – Capital Outturn Position 2019/20

	Revised Budget 2019/20	Actual 2019/20	(Under) / Over spend 2019/20	Slippage to 2020/21
	£000's	£000's	£'000	£000's
Transport	538	213	(325)	225
Operational Equipment	1,335	839	(496)	474
Property	3,895	594	(3,301)	3,104
IT & Communications	831	197	(634)	379
Total	6,599	1,843	(4,755)	4,182
Funded by:				
Capital Grant		0		0
Borrowing		1,779		4,182
Earmarked Reserves		22		0
Capital Receipts		15		0
Total		1,843		4,182

2.10 The 2019/20 budget for the capital programme was £6.737m. Total expenditure in 2019/20 was £1.843m and the underspend for 2019/20 was £4,894k. £2.6m of this relates to the replacement of Worksop Fire Station which is delayed due to issues with site availability (see section 2.17).

Transport

2.11 **Light Vehicle Replacement** – several vehicles are still to be ordered due to delays in the procurement of the replacement vehicles for the Persons at Risk Team (PART). Slippage of £172k is requested to be slipped into 2020/21.

2.12 **Special Appliances** – the new Hazardous Materials Environmental Protection Unit (HMEPU) is near completion and was expected to be delivered by the end of March 2020, however due to the impact of COVID-19 this has now been delayed. The budget of £53k is requested to be slipped into 2020/21.

Equipment

- 2.13 **Lightweight Fire Coats/Structural PPE** – this project was expected to be complete in March 2020, but some deliveries have been slightly delayed due to high PPE demand. Slippage of £74k is requested for the Lightweight Fire Coats and £400k for the Structural PPE.

Property

- 2.14 **Hucknall Fire Station** – the On-Call station in Hucknall has now co-located with the East Midlands Ambulance Service (EMAS) station in Hucknall. This was a collaborative project which will benefit both Services and the local community. The final invoices for the project will be paid in 2020/21. Slippage of £158k is required for this project.
- 2.15 **Refurbishment of Stations** – air conditioning work at West Bridgford Fire Station is not yet complete. Slippage of £40k is requested for this project.
- 2.16 **Worksop** – the new station is no longer going ahead on the originally identified site due to issues related to accessing mains gas water and sewerage. An additional paper is on the agenda for this project. The delays require that the budget of £2,657k is slipped into 2020/21.
- 2.17 **Headquarters** – this project is progressing on target. Slippage of £239k is requested for initial work being undertaken.

Information and Communications Technology

- 2.18 The delays in the national Emergency Services Mobile Communication Project (ESMCP) have had a knock-on effect on anticipated expenditure on project related equipment, resulting in an underspend of £41k.
- 2.19 The tri-service control and mobilising system work has largely been completed under the maintenance contract. The remaining budget of £171k is to be slipped into 2020/21 to enable any development work following the creation of Joint Fire Control to be undertaken.
- 2.20 The Finance Agresso Upgrade this is a collaborative project with Derbyshire and Leicestershire Fire Services. The upgrade has been implemented in all of the three sites. Work will commence on this project being put onto the cloud. The £37k budget requires slippage into 2020/21.
- 2.21 The cyber security software purchase has been delayed, requiring slippage of £20k into 2020/21.
- 2.22 The Business systems Development project – The budget of £20k is to be slipped into 2020/21 to enable further development work following the implementation of the Personal Development Review (PDR) system.

- 2.23 The Business Process automation project - The budget of £83k is to be slipped into 2020/21 to enable redesign activities to be progressed and any development work.
- 2.24 The mobile computing project - As a result of Covid-19 and ESN, the need to increase the use of Mobile technologies will need to increase. The budget of £25k is to be slipped into 2020/21 to enable the project to be implemented.
- 2.25 The ICT SharePoint Project - This project has taken longer than initially expected due to the amount of work required from teams to transfer files across. As a result of Covid-19 ICT will commence work to migrate SharePoint to Office365. The budget of £26k is to be slipped into 2020/21 to enable the project to be completed.
- 2.26 Performance Management - The budget of £9k is to be slipped into 2020/21 to enable the final work to be implementation on this project.
- 2.27 A summary of requests for slippage is shown in the table below:

Table 4 – Capital Slippage into 2020/21

Scheme	Slippage Required £'000
Special Appliances	53
Light Vehicle Replacement	172
Structural PPE	400
Lightweight Fire Coats	74
Refurbishment of stations	40
Joint Headquarters	239
Newark Fire Station	10
Hucknall Fire Station	158
Worksop Fire Station	2,657
Business Systems Development	20
Mobile Computing	25
SharePoint	26
Cyber Security	17
Business Process Automation	33
Performance Management	9
Emergency Services Network	41
Tri Service Control	171
Finance Agresso Upgrade	37
Total	4,182

DEBTS WRITTEN OFF IN 2019/20

- 2.28 One debt totalling £1,620.37 have been written off during the 2019/20 financial year. This relates to the overpayment of pension, when a pensioner died shortly after payment. Attempts were made to claim the overpayment back, but his widow was in poor health and in a care home, so a decision was made not to chase the debt on compassionate grounds.

STATEMENT OF ACCOUNTS AND AUDIT UPDATE

- 2.29 The Authority's Statement of Accounts is produced annually and is a comprehensive statement of the Authority's financial position and financial transactions in the reported year. Following the Coronavirus amendment to the Accounts and Audit Regulations, the date for publishing the draft accounts was extended from 31 May to the 31 August 2020.
- 2.30 The deadline for approval of the audited Statement of Accounts being approved by Fire Authority is similarly extended from 31 July to 30 November 2020. Ernst Young, the Authority's External Auditors, have indicated that the audit of the Statement of Accounts is likely to commence on 7 September 2020. At this point in time it is anticipated that it will be completed by the 30 November deadline.

3. FINANCIAL IMPLICATIONS

The financial implications are set out within the main body of the report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources implications arising from this report.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report summarises only the financial impact of activities undertaken in 2019/20. Equality impacts arising from new policies implemented in the year will have been identified in other reports.

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

There are no risk management implications arising specifically from this report, however the regular receipt of financial reports is key to managing one of the most significant risks to the organisation, that of financial risk. Throughout the year, finance department staff work collaboratively with budget holders towards keeping expenditure within budget and improving financial performance and reporting to Finance and Resources Committee at regular intervals.

9. COLLABORATION IMPLICATIONS

This report includes income and expenditure from several collaboration agreements. Opportunities for collaboration are continually being investigated.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Note the contents of this report.
- 10.2 Approve the total capital slippage of £4,182k to be carried forward to 2020/21 as detailed in paragraph 2.27.
- 10.3 Approve the carry forward of surplus funding relating to the Child Home Safety Equipment Pilot in an earmarked reserve.

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

None.

Charlotte Radford
TREASURER TO THE FIRE AUTHORITY

John Buckley
CHIEF FIRE OFFICER

RESERVE POSITION AT 31 MARCH 2020

Reserve	Opening Balance 01/4/19 £'000	Movement into Reserve £'000	Use of Reserve £'000	Movement During 2019/20 £'000	Closing Balance 31/3/20 £'000
Prevention, Protection and Partnership	375	2	(94)	(31)	252
Resilience	536	177	(77)	(126)	510
Capital	1,037	0	0	0	1,037
Transition	714	0	(30)	(684)	0
Information, Communication and Technology (ICT)	1,144	0	(67)	53	1,130
Operational	415	0	(15)	(212)	188
Pension	309	0	0	(309)	0
Other	24	0	0	(24)	0
Transformation and Collaboration	0	0	0	1,387	1,387
Regional Funds	207	181	(80)	(53)	255
Total Earmarked Reserves	4,763	360	(363)	(2)	4,761
General Reserve	5,576	0	(603)	0	4,973
Total Reserves	10,339	360	(966)	(2)	9,734

CAPITAL EXPENDITURE 2019/20

Scheme	Revised Budget 2019/20 £'000	Actual Expenditure 2019/20 £'000	(Under) / Over Spend £'000	Slippage required to 2020/21 £'000
Transport				
Special Appliances	150	97	(53)	53
Light Vehicle Replacement	388	116	(272)	172
	538	213	(325)	225
Equipment				
Conversion of Hose Reel Equipment	22	22	0	0
BA Sets	113	109	(4)	0
Structural PPE	1,020	602	(418)	400
Lightweight Fire Coat	180	106	(74)	74
	1,335	839	(496)	474
Estates				
Refurbishment of Fire Stations	110	0	(110)	40
Joint Headquarters	250	11	(239)	239
Newark Fire Station	317	131	(186)	10
Hucknall Fire Station	561	403	(158)	158
Joint Control Room	0	49	49	0
Workshop Fire Station	2,657	0	(2,657)	2,657
	3,895	594	(3,301)	3,104
IT & Communications				
Business System Development	50	10	(40)	20
ICT replacement equipment	277	140	(137)	0
Mobile Computing	50	8	(42)	25
SharePoint development	26	0	(26)	26
HQ core switch upgrade	30	0	(30)	0
HQ project (Enabling Works)	50	0	(50)	0
Cyber Security	20	3	(17)	17
Business Process Automation	61	28	(33)	33
Performance Management	10	1	(9)	9
ESMCP Grant from DCLG (ESN)	41	0	(41)	41
Tri Service Control	171	0	(171)	171
Finance Agresso Upgrade	45	8	(37)	37
	831	198	(633)	379
Total	6,599	1,844	(4,755)	4,182
	Revised	Actual	(Under) /	Slippage

	Budget 2019/20 £'000	Expenditure 2019/20 £'000	Over Spend £'000	required to 2020/21 £'000
Financed by:				
Capital Grant		0		0
Capital Receipts		15		0
Earmarked Reserves		0		4,182
Revenue Contribution to Capital		22		0
Borrowing		1,807		0
Total		1,844		0