



**Nottinghamshire and City of Nottingham Fire and Rescue Authority
Finance and Resources Sub-Committee**

**Minutes of the meeting held remotely via Zoom and live-streamed on YouTube on
Friday 26 March 2021 from 10:08am to 10:35am**

Membership

Present

Councillor John Clarke (Chair)
Councillor Andrew Brown
Councillor Toby Neal
Councillor Mike Quigley MBE
Councillor Nick Raine

Absent

None

Colleagues, partners and others in attendance:

Candida Brudenell - Assistant Chief Fire Officer
Gavin Harris - Head of Digital Transformation
Adrian Mann - Governance Officer, Nottingham City Council
Becky Smeathers - Head of Finance and Treasurer to the Fire Authority

12 Apologies for Absence

Leila Henry (Head of Corporate Support)
Terry Scott (Head of Procurement and Resources)

13 Declarations of Interests

None.

14 Minutes

The Committee confirmed the minutes of the meeting held on 15 January 2021 as a correct record and they were signed by the Chair.

**15 Revenue, Capital and Prudential Code Monitoring Report to 31 January
2021**

Becky Smeathers, Head of Finance and Treasurer to the Fire Authority, presented a report on the financial performance of the Service in 2020/21 and the Prudential Code monitoring to the end of January 2021. The following points were discussed:

- (a) the current revenue monitoring shows a forecast outturn position of £44,127,000, which represents a £1,238,000 underspend against the revised budget of £45,365,000. This represents a slightly lower underspend than forecast previously, as some planned expenditure has been moved forward, to relieve pressure on next year's budget. The underspend figure also accounts for grants that have been received this year, but that have not yet been allocated fully, so some of the expenditure will take place next year. A new Covid funding grant of £150,000 has been awarded and will be accounted for in the relevant annual budget, depending upon whether it is received in this or next financial year. The Service has also received a £101,000 Grenfell Infrastructure Improvements grant, to address the recommendations arising from the Grenfell Phase 1 inquiry;
- (b) the full extent of the firefighter pension liability costs arising from the McCloud judgement are still unknown. The remedy will require moving some officers back to prior pension schemes, but the national guidance and framework for achieving rectification across the sector is still awaited. Work is underway with Her Majesty's Revenue and Customs to calculate the extra costs, and the Local Government Association is seeking financial burdens support from the Government to manage these. Depending upon the known situation at the end of the financial year, the year-end accounts will either need to make a specific provision for the pension remedy costs, or set out an appropriate contingent liability;
- (c) there is a forecast overspend in premises costs of £105,000, of which £44,000 is due to business rates being higher than expected at the point of setting the budget. An appeal has been made against the business rate valuations, which is expected to achieve significant savings. As there has been a regular overspend on service costs in recent budgets, the condition of all of the Service's properties has been reviewed and a programme of planned maintenance works over the next ten years has been produced, to seek to ensure that expenditure is more controlled and less reactive. The 2021/22 maintenance budget has been increased in the context of the plan, which has been used to inform future budgets. The same process has been carried out for the Service's vehicles, as some of the fleet is now beginning to age;
- (d) the budget for external audit fees is expected to be overspent by £63,000, as there has been a significant increase in the fees charged by Ernst & Young beyond the original fee of £24,000. The revised fees are due to an increase in the work required because of changes to the audit regulatory framework. However, the increase is being challenged and negotiations are underway to reduce these costs for the 2019/20 accounts. Nevertheless, the audit costs relating to the 2020/21 accounts audit are expected to increase significantly;
- (e) the Covid-19 grant from the Government has helped the Service to make a big difference through undertaking over 370 shifts for the East Midlands Ambulance Service, working on the setting up and running of the temporary mortuary, delivering over 12,200 food parcels and medical supplies, helping to set up testing centres within Nottinghamshire, and delivering over 25,100 vaccinations. The Covid grant funds around 8 staff employed on a temporary basis. An overspend of £250,000 is anticipated in on-call pay. However, £228,000 of this relates directly to the additional costs arising from the Covid-19 pandemic, and these costs can either be offset by the Covid-19 grant, or are being funded by partner organisations. Meanwhile, other staff have worked extremely hard in keeping the normal service in operation while colleagues were participating in the additional Coronavirus-related duties. Currently, work is underway to

catch up on 'safe and well' visits, which have been delayed due to the pandemic. Regular DELTA returns are made to the Government in relation to the spending of the Covid grant;

- (f) expenditure on the ICT programme is expected to be £758,000 by the end of the year, rather than the £3,858,000 stated in error in paragraph 2.28 of the report. During the upgrade of the HR systems, a document scanning solution was identified as a requirement, as it will not be possible to transfer the current level of paper records from the existing to the new headquarters. As such, an additional investment of £46,000 is needed for this. Funding of £20,000 from the Business Solutions budget has been used to offset this additional expenditure in part, with the remainder coming from underspends elsewhere in the programme. The cyber-security budget has been fully utilised to purchase an advanced threat detection solution to strengthen the Service's defences against malicious cyber-attacks;
- (g) ultimately, the current capital expenditure and prudential monitoring is otherwise on track.

Resolved to approve an increase of £46,000 to the HR system upgrade capital project, to include document scanning. The additional expenditure will be funded from the Business Solutions budget (£20,000) and from underspends elsewhere in the capital programme.

16 Corporate Risk Management, Including Management of Occupational Road Risk

Candida Brudenell, Assistant Chief Fire Officer, presented a report on the Corporate Risk Management Process, including the current version of the Corporate Risk Register. The following points were discussed:

- (a) a robust risk management process is in place to enables the consideration of key external and internal risks as part of the management and decision-making process. The Corporate Risk Register identifies the risks that are considered to be the most significant in terms of their potential impact on the Service's priorities. The corporate register is informed by a number of risk registers at various other levels in the Service, which feed in to it;
- (b) the Coronavirus pandemic continues to pose a significant risk, so a new risk has been created in the register to encompass the implications and key work streams that are ongoing to mitigate the impacts that Coronavirus has had and will continue to have. Coronavirus has affected the whole of the Service, and addressing the associated risks effectively represents a substantial burden on the available resources;
- (c) the financial risks associated with reduced council tax and business rates collection, coupled with the increased expenditure due to the Coronavirus pandemic, have been mitigated to a large extent by supplementary funding from the Government. However, the register has been updated to reflect the ongoing uncertain position relating to the required remedy for the firefighter pension scheme, due to the McCloud judgement;

- (d) the Service's insurance provision has been re-tendered, with new insurances due to start from 1 April 2021. Despite a hardening of the insurance market, this tendering process has resulted in a £50,000 saving against the previous financial year;
- (e) the arrangements in place for Management of Occupational Road Risk have now been consolidated into the Corporate Risk Management report, and work has continued on the management of this occupational risk.

The Committee noted the report.

17 Update on the 'Areas for Improvement' from the 2019 HMICFRS Inspection

Candida Brudenell, Assistant Chief Fire Officer, presented a report on the Service's response to its 2019 inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). The following points were discussed:

- (a) of the 25 'Areas for Improvement' (AFI) arising from the inspection, two were assigned to the Finance and Resources Sub-Committee, for scrutiny. AFI 16 has been completed, and AFI 15 ("The Service needs to accelerate its plans to improve ICT so that it makes best use of available technology to support operational effectiveness and efficiency") is on target to be completed by 31 March 2021, in line with the forecasted timescale.

The Committee noted the report.

18 Exclusion of the Public

The Committee decided to exclude the public from the meeting during consideration of the remaining agenda items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

19 Exempt Minutes

The Committee confirmed the exempt minutes of the meeting held on 15 January 2021 as a correct record and they were signed by the Chair.