



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

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

# **2021/22 REVENUE AND CAPITAL OUTTURN**

Joint Report of the Treasurer and Chief Fire Officer

**Date:** 24 June 2022

**Purpose of Report:**

To report to Members on the provisional financial performance of the Service for 2021/22, analysing significant variances against the original revenue and capital budgets. The outturn position gives Members an overview of the financial position prior to the completion of the Statement of Accounts for 2021/22 in July 2022.

## Recommendations:

It is recommended that Members:

- Note the contents of this report.
- Approve the creation of £163k of Earmarked Reserves relating to unspent spent grants (section 2.13):

<b>Earmarked Reserve</b>	<b>Amount £'000</b>
WiFi Enhancement – LRF funding	7
Fire Protection funding	19
Redmund Review Audit grant	12
Fire Pension Admin Grant	125
<b>Total</b>	<b>163</b>

- Approve the slippage of £2.104m on the capital programme as detailed in Section 2.34 and Table 5.
- Approve a £400k revenue contribution to fund ICT capital projects.

## CONTACT OFFICER

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## 1. BACKGROUND

The purpose of this report is to give Members information regarding of the Authority's financial performance in 2021/22. The out-turn position may be subject to change if any issues are identified by the finance team prior to completion of the accounts or by the auditors which require amendments to revenue or capital expenditure. Any changes will be reported to Finance and Resources Committee at a future date.

## 2. REPORT

- 2.1 The 2021/22 revenue budget of £45.302m was approved by the Fire Authority in February 2021.
- 2.2 Total provisional expenditure for 2021/22 was £45.107m. This represents a provisional underspend position of £194k (0.43% of the annual budget). After unused grant is transferred into Earmarked Reserves for future use, this changes to an underspend of £31k.
- 2.3 Table 1 below shows a summary of expenditure and funding.

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

	<b>Annual Budget 2021/22</b>	<b>Actual 2021/22</b>	<b>Variance 2021/22</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Employees	35,132	37,179	47
Premises	2,839	2,707	(132)
Transport	1,823	1,951	128
Supplies & Services	3,959	3,971	12
Third Party Payments	883	877	(6)
Support Services	166	104	(62)
Capital Financing	2,587	2,934	347
Income	(2,818)	(3,760)	(942)
Contribution from Earmarked Reserve in-year	(1,438)	(1,410)	28
Contribution to Earmarked Reserve	169	555	386
<b>Net Expenditure</b>	<b>45,302</b>	<b>45,107</b>	<b>(194)</b>
Proposed contribution to Earmarked Reserves (section 2.13)	0	163	163
<b>Revised Net Expenditure</b>	<b>45,302</b>	<b>45,270</b>	<b>(31)</b>

<b>Funded by:</b>	<b>Annual Budget 2021/22</b>	<b>Actual 2021/22</b>	<b>Variance 2021/22</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
General Fund Reserves	(0)	34	34
Business Rate Covid Relief Grant	(1,573)	(1,576)	-3
Pension Grant	(2,340)	(2,340)	0
Revenue Support Grant	(5,452)	(5,452)	0
Non-Domestic Rates	(9,287)	(9,287)	0
Council Tax	(26,650)	(26,650)	0
<b>Total Funding</b>	<b>(45,302)</b>	<b>(45,271)</b>	<b>31</b>

- 2.4 Details of ongoing major variances have been reported on to Finance and Resources Committee throughout the year and are updated in the paragraphs below.
- 2.5 **Wholetime Pay:** the wholetime pay budget is underspent by £95k (0.4%) due to fluctuations in the establishment.
- 2.6 **On-Call Pay:** The overall On-Call pay budget exceeded the original budget by £190k, although £55k has been matched with additional income as it related to Covid-19 pandemic. The main areas of overspend are turnout payments and payments relating to sickness absence and modified duties. The payment rate received by individuals for both sick pay and modified duties is based on their earnings from the previous year. On-call earnings in 2020/21 were particularly high due to high availability levels resulting from staff being furloughed from their primary employment, and additional activities carried out to support the community during the pandemic. This has pushed up the average cost of sick pay and payments for modified duties.
- 2.7 **Non-Uniformed Pay:** non-uniformed pay is overspent by £4k.
- 2.8 **Premises costs:** there is an underspend on premises costs of £132k. Most of this variance relates to business rates where refunds of £70k were received following an appeal.
- 2.9 **Supplies and Services:** Supplies and Services are overspent by £13k, this is an overall variance of 0.3%.
- 2.10 **Transport:** Transport is overspent by £128k. The main variances are outlined below:
- As previously reported, there have been issues with unplanned fleet maintenance due to an under-estimation of the work required when the contract was awarded. This has been exacerbated by delays in the vehicle

replacement programme to allow for a review to be undertaken to identify future need and also due to extended delivery times within the vehicle market. The total overspend on this budget is £347k.

- The budget for officers' car leases underspent by £86k. The £42k budget for car leasing is no longer required as the contract has now ended. 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 budget for vehicle equipment is underspent by £65k. This is the budget for national resilience vehicles which is no longer required, and the budget for 2022/23 has been reduced accordingly.

- 2.11 **Support Services:** Support Services are underspent by £62k, this mainly relates to the savings made on the Fire Fighters' pension scheme administration which is now provided by West Yorkshire Pension Fund.
- 2.12 **Capital financing:** As reported in April, £400k has been utilised from revenue to fund ICT capital projects, this will reduce the need to borrow and reduce the Minimum Revenue Provision (debt costs) to the revenue account by £80k in each of the next 5 years when additional funding pressures are expected.
- 2.13 **Government Grants:** The Service received income for grants of £163k that remains unspent, approval is requested for an earmarked reserve to be created for the following unspent grants:

**Table 2 – Request for Creation of New Earmarked Reserves**

<b>Earmarked Reserve</b>	<b>£'000</b>	<b>Requirement</b>
<b>Unused Grants</b>		
Wifi Enhancement – Local Resilience Forum	7	Funding for the multi-agency coordination enhancement at Highfields Fire Station.
Fire Protection Funding 2021/22	19	To continue to drive significant improvement in the protection function within fire and rescue services and tackling risk in the built environment.
The Redmond Review	12	To support local bodies to meet the anticipated rise in audit fees to enable local authorities to develop standardisation of statement of service information.
Fire Pension Admin Grant	125	Funding towards the additional costs incurred in in line with the firefighter's pension scheme.
<b>Total contribution to Earmarked Reserves</b>	<b>163</b>	

2.14 The provisional underspend position for 2021/22 was £194k (see 2.3). After transferring £163k to Earmarked Reserves, the balance of £34k will be transferred to the General Fund Reserve.

## RESERVES

2.15 Details of the movement in reserves during 2021/22 can be found in Appendix A. A net total of £821k has been transferred out of the reserves during the year. Total reserves as at 31 March 2022 were £9.880m.

**Table 3 – Breakdown of Reserve Movement during 2021/22**

<b>Reserves</b>	<b>Balance 01/04/21 £'000</b>	<b>Net Movement 2021/22 £'000</b>	<b>Balance 31/03/22 £'000</b>
Earmarked	5,710	(855)	4,855
General Fund	4,991	34	5,025
<b>Total</b>	<b>10,701</b>	<b>(821)</b>	<b>9,880</b>

2.16 After a contribution of £34k to general reserves for 2021/22, general fund reserves stand at £5.025m as at 31 March 2022.

## CAPITAL BUDGET OUTTURN

- 2.17 Details of project expenditure can be found in Appendix B. Provisional expenditure as at 31 March 2022 was £6.499m, which is an underspend within the year of £2.183m against the Revised Budget of £8.681m including £127k of funding from Earmarked Reserves.
- 2.18 A summary of variances is shown in Table 7.

**Table 4 – Capital Outturn Position 2021/22**

	<b>Revised Budget 2021/22</b>	<b>Actual 2021/22</b>	<b>(Under) / Overspend 2021/22</b>	<b>Slippage to 2022/23</b>
	<b>£000's</b>	<b>£000's</b>	<b>£'000</b>	<b>£000's</b>
Transport	512	317	(195)	195
Operational Equipment	359	252	(107)	106
Property	6,659	5,505	(1,154)	1,076
IT & Communications	1,151	424	(727)	727
<b>Total</b>	<b>8,681</b>	<b>6,499</b>	<b>(2,183)</b>	<b>2,104</b>
Funded by:				
Borrowing		5,499		2,104
Earmarked Reserves		127		0
Revenue Contribution to Capital		400		
Capital Receipts		473		0
<b>Total</b>		<b>6,499</b>		<b>2,104</b>

- 2.19 An update on the major projects and variances is considered below.

### TRANSPORT

- 2.20 The light vehicles budget, is for the purchase of six pool vehicles (£111k) one 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 £195k slippage is requested to be slipped into 2022/23.

### EQUIPMENT

- 2.21 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. As expected, this project will now be delayed due to the lead time so the slippage of £106k is requested to be slipped into 2022/23.

## **PROPERTY**

- 2.22 The Joint Head Quarters project is now in Phase 4 works (alterations and refurbishment of the existing buildings). It is likely the overall project budget will be overspent in the region of £500k on completion, largely due to the tender for phase 4 works being higher than originally estimated at the commencement of the project. The Service's contribution is capped at £3.461m.
- 2.23 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. The slippage of £671k is requested to be slipped into 2022/23.
- 2.24 Worksop – this project was completed early in 2022/23 - slippage of £394k is requested.
- 2.25 Newark Fire station project is now complete but the retention payment is still outstanding, the £10k budget is requested to be slipped into 2022/23.
- 2.26 Hucknall Fire Station project is now complete with an underspend of £78k, this budget is no longer required.

## **INFORMATION AND COMMUNICATIONS TECHNOLOGY**

- 2.27 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 £141k. Slippage of the £141k is requested to be slipped into 2022/23.
- 2.28 The tri service control and mobilising system work is an ongoing project. Slippage of the £144k is requested to be slipped into 2022/23.
- 2.29 The mobile computing project - has been used to finance the purchase mobile computing devices, mobile phones, and the new mobile telephony contract. It is requested that the £18k underspend be slipped into 2022/23.
- 2.30 The Replacement Equipment included a project to improve digital storage in preparation for the Headquarters move. The remainder of the budget was utilised to procure new computing equipment such as new Tablet PCs and Desktop PCs as part of a Service wide equipment refresh. It is requested that the £16k underspend be slipped into 2022/23.
- 2.31 HQ - Link ICT Replacement this is for the enabling works at Joint Headquarters once the ICT structure is in place and completed this budget may be utilised 2022/23. It is requested that the £60k underspend be slipped into 2022/23.



- 2.32 HQ Project - Cloud Migration Work, this project is still ongoing and some of the applications still need to migrate into the cloud, it is requested that the £137k underspend be slipped into 2022/23.
- 2.33 Rostering Project - This project involves the procurement of a strategic rostering solution to record and report data about the deployment and utilisation of all operational staff. It is requested that the £168k underspend be slipped into 2022/23.
- 2.34 Occupational Health - ICT Capital part of this project has been funded by an earmarked reserve of £18k. It is requested that the £43k underspend be slipped into 2022/23.
- 2.35 Members are requested to approve capital slippage into 2022/23 as detailed in the table below:

**Table 5 – Capital Slippage into 2022/23**

<b>Scheme</b>	<b>Slippage already Approved £'000</b>	<b>Slippage to be Approved £'000</b>	<b>Project Complete slippage not required</b>
<b>Transport</b>			
Rescue Pumps	1,166		
Light Vehicle Replacement		195	
Special Appliances	130		
<b>ICT Projects</b>			
Mobile Computing		18	
HQ - Link ICT Replacement		60	
ESMCP Grant from DCLG (ESN)		41	
Tri-Service Control Project		144	
Replacement Equipment		16	
HQ Project - Cloud Migration		137	
Emergency Services Mobile Communication Programme ESN		100	
Rostering Project - ICT		168	
Occupational Health - ICT		43	
<b>Equipment</b>			
Water Rescue		106	
<b>Premises</b>			
Hucknall			78
Newark		10	
Eastwood		1	
Worksop		394	
Joint Head Quarters		671	
<b>Total</b>	<b>1,296</b>	<b>2,104</b>	<b>78</b>

**DEBTS WRITTEN OFF IN 2021/22**

2.36 No debts have been written off during the 2021/22 financial year.

### **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 or learning and development 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 2018/19. 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 that arise 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 creation of £163k of Earmarked Reserves relating to unspent spent grants (section 2.13):

<b>Earmarked Reserve</b>	<b>Amount £'000</b>
WiFi Enhancement – LRF funding	7
Fire Protection funding	19
Redmund Review Audit grant	12
Fire Pension Admin Grant	125
<b>Total</b>	<b>163</b>

- 10.3 Approve the slippage of £2.104m on the capital programme as detailed in Section 2.35 and Table 5.
- 10.4 Approve a £400k revenue contribution fund ICT capital projects.

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

None.

Becky Smeathers  
**TREASURER TO THE FIRE AUTHORITY**

Craig Parkin  
**CHIEF FIRE OFFICER**

## APPENDIX A

## Reserve Position at 31 March 2022

Reserve	Opening Balance 01/4/21 £'000	Movement into Reserve £'000	Use of Reserve £'000	Movement During 2021/22 £'000	Closing Balance 31/3/22 £'000
Prevention, Protection and Partnership	428	106	(140)	(150)	245
Resilience	349	35	(15)	(333)	36
Capital	0	0	0	0	0
Information, Communication and Technology (ICT)	1,184	7	0	(2)	1,189
Operational	673	0	(129)	(100)	444
Covid - 19	1,053	47	(454)	(617)	30
Other	42	337	(23)	1,886	2,242
Transformation and Collaboration	1,800	13	(572)	(688)	553
Regional Funds	181	10	(80)	2	114
<b>Total Earmarked Reserves</b>	<b>5,711</b>	<b>555</b>	<b>(1,413)</b>	<b>(2)</b>	<b>4,853</b>
General Reserve	4,991	34	0	0	5,025
<b>Total Reserves</b>	<b>10,701</b>	<b>589</b>	<b>(1,413)</b>	<b>(2)</b>	<b>9,880</b>

## APPENDIX B

## CAPITAL EXPENDITURE 2021/22

Scheme	Revised Budget 2021/22 £'000	Actual Expenditure 2021/22 £'000	(Under) / Overspend £'000	Slippage required to 2022/23 £'000
<b>Transport</b>				
Special Appliances	20	20	0	
Light Vehicle Replacement	492	297	(195)	(195)
Rescue Pumps	0	0	0	0
	<b>512</b>	<b>317</b>	<b>(195)</b>	<b>(195)</b>
<b>Equipment</b>				
CCTV – Vehicles	100	94	(6)	
Water Rescue	125	19	(106)	(106)
Gloves	93	95	2	0
Air Bag Replacement	41	43	3	0
	<b>359</b>	<b>252</b>	<b>(107)</b>	<b>(106)</b>
<b>Estates</b>				
Eastwood Fire Station	16	15	(1)	(1)
Joint Headquarters	2,778	2,107	(671)	(671)
Newark Fire Station	10	0	(10)	(10)
Hucknall Fire Station	94	16	(78)	0
Command Training Suite	99	99	0	0
Worksop Fire Station	3,662	3,268	(394)	(394)
	<b>6,659</b>	<b>5,505</b>	<b>(1,154)</b>	<b>(1,076)</b>
<b>IT &amp; Communications</b>				
One off Projects	35	32	(3)	0
Occupational Health ICT Project	83	40	(43)	(43)
ICT Replacement Equipment	175	151	(24)	(16)
Mobile Computing	106	88	(18)	(18)
HR System Upgrade	0	8	8	0
HQ Link ICT Replacement	70	10	(60)	(60)
Sharepoint development	16	18	2	0
Covid Related Projects	10	13	3	0
Rostering Project	185	17	(168)	(168)
Emergency services Network	100	0	(100)	(100)
Business Process Automation	19	14	(5)	0
Performance Management	0	3	3	0
Emergency Services Mobile Communication Project (Grant funded)	41	0	(41)	(41)
Tri Service Control	161	17	(144)	(144)
HQ Cloud Migration	150	13	(137)	(137)
	<b>1,151</b>	<b>424</b>	<b>(727)</b>	<b>(727)</b>
<b>Total</b>	<b>8,681</b>	<b>6,499</b>	<b>(2,183)</b>	<b>(2,104)</b>

		<b>Actual Expenditure 2021/22 £'000</b>		
<b>Financed by:</b>				
Capital Grant		0		
Capital Receipts		474		
Earmarked Reserves		127		
Revenue Contribution to Capital		400		
Borrowing		5,498		
<b>Total</b>		<b>6,499</b>		