



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

**Minutes of the meeting held at Joint Fire / Police HQ, Sherwood Lodge, Arnold,
Nottingham, NG5 8PP on 24 June 2022 from 10.06 am - 10.54 am**

Membership

Present

Councillor John Clarke (Chair)
Councillor Callum Bailey
Councillor Sybil Fielding
Councillor Mike Quigley MBE
Councillor Jonathan Wheeler
Councillor Dave Trimble

Absent

Councillor Steve Battlemuch
Councillor Eddie Cubley
Councillor Nicola Heaton
Councillor Michael Payne

Colleagues, partners and others in attendance:

Craig Parkin - Chief Fire Officer
Becky Smeathers - Head of Finance and Treasurer to the Authority
Phil Dent - Internal Audit Supervisor
Andrew Howarth - Senior Internal Auditor
Catherine Ziane-Pryor - Governance Officer

1 Apologies for Absence

Councillor Eddie Cubley, Councillor Jonathan Wheeler substituting
Councillor Nicola Heaton, Councillor David Trimble, substituting
Councillor Steve Battlemuch
Simon Lacey, Interim Chief Internal Auditor

2 Declarations of Interests

None.

3 Minutes

The minutes of the meeting held on 22 April 2022 were confirmed as a true record and signed by the Chair.

4 2021-22 Revenue and Capital Outturn

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report which provides an update on information provided at the last meeting.

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

- a) there is very little difference from the figures presented to the last meeting with exception of £194k underspend which represents less than 0.5% of the overall budget;
- b) most spend has been as predicted;
- c) table 3 of the report details earmarked reserves and the spend of £855k of earmarked reserves from ongoing projects and grant funding of previous years, not ongoing expenditure;
- d) there has been some slippage in capital outturn, which is detailed within the report, and is mainly due to projects such as the new Worksop Fire Station and the Joint Headquarters Site with invoices, including for snagging work, being presented in this financial year;
- e) capital slippage of £1,166k is attributed to the delay in receiving rescue pumps, which is a national issue, but there are proposals to prevent further delays and therefore slippage with a new approach to ordering which will be discussed later in the agenda;
- f) there is still uncertainty regarding ICT projects including how long the national project will take to implement and in what form. Initially the completion target was within the 2019/20 year, but there have been several delays and work is ongoing. A new Central Government completion date is now anticipated of 2026. The ongoing reduction in funding for the current system will mean that eventually the Fire Service will be wholly responsible for funding, which provides an additional risk;
- g) all approved projects where slippage has been identified are still considered necessary and are underway. In the scheme of the projects, the slippage is not significant for any site. Items such as the rescue pumps don't have any expenditure yet but have been ordered and the Service won't pay until the work is completed and the appliances are delivered;
- h) budgets are reviewed in-year, including to ensure that all budgeted works are still necessary;
- i) no debts have been written-off. Sometimes it can be a small overpayment of pension when someone has died, but as the Service doesn't provide many services for which a charge is made, there are very few opportunities for bad debts to accrue.

Committee members commented:

- j) it's sensible to monitor the capital programme and check that at the end of the year that if projects which are yet to commence are still required and necessary;

- k) there's minimal slippage and overall the capital and revenue budgets appear very well managed;
- l) on paper there is a large underspend and whilst this is now understood to be only temporary, attention needs to be paid to negating a negative impression.

Resolved

- 1) **to note the contents of the report;**
- 2) **to approve the creation of £163k of Earmarked Reserves relating to unspent spent grants as follows:**

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

- 3) **to approve the slippage of £2.104m on the capital programme as detailed in Section 2.35 and Table 5 of the report;**
- 4) **to approve a £400k revenue contribution to fund ICT capital projects.**

5 Revenue, Capital ,and Prudential Code Monitoring Report to May 2022

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report which updates the Committee on the 2022/23 financial performance of the Service and Prudential Code monitoring for the 2 months of this financial year to the end of May 2022.

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

- a) there is still no update available on the pay award for which 3% has been budgeted. Anything higher will need to be funded by the Service from this year's budget potentially from reserves. Any further increase represents £270k impact on the Service per 1%, which rises to £350k ongoing per year;
- b) the Service is trying to control all expenditure due to the current national financial position and the known reduction in funding for future years and is actively seeking savings;
- c) vacancies across the public sector are proving difficult to fill. The Service had anticipated a generous vacancy rate of 7% but this has now reached in excess of 10%;
- d) recruitment of Whole-Time firefighters has been delayed pending outcomes of the cover review work. With higher than anticipated vacancies and some sickness, ridership has been affected and action to counteract these issues are being

- investigated, including introducing temporary Whole-Time contracts for On-Call firefighters, including those working for other Services;
- e) vacancy rates amongst support staff are also having a negative impact on remaining staff, which needs to be monitored;
 - f) the underspend on staffing will continue to rise until posts can be filled;
 - g) with regard to the capital programme, issues around the purchase and provision of fire appliances within the 2022/23 financial year are distorting the figures in that appliances have been ordered but as they have not yet been received due to ongoing manufacture delays, they have not been paid for. However, the Service has the opportunity to now order further appliances which were scheduled for purchase in 2023/24, to secure better value. This is contrary to financial regulations as the budget has not yet been set for the future years in question, but these are assets which the Service requires to enable it to meet its statutory duties, are scheduled for purchase at a later date but if ordered now, the Service will benefit from a greater discount. Delaying an order may delay delivery. If the Committee approve the placing of the order, it can be placed at the end of the month. It should be noted that spend will still occur as scheduled, in the relevant years. If necessary, it will be possible to cancel or amend the order;
 - h) with regard to prudential monitoring, borrowing is at £36.9m but the Service has taken advantage of the low interest rates and borrowed an additional £2m;
 - i) the Service has not taken any variable rate borrowing and all borrowing is fixed rate;
 - j) now that East Midlands Ambulance Service has declined the opportunity to have a base at Eastwood Fire Station, feasibility studies on the proposed station are ongoing regarding what the Service can realistically provide for the funding available;
 - k) there is a retention figure for the completion of the new Joint Head Quarters which is accounted for in this year's budget;
 - l) recruitment and retention of staff is an ongoing issue across the public sector, mainly due to the difference in pay compared to the private sector. Options to negate the movement of staff and/or attract new staff have been considered, including market supplements, but this would prove complicated and may be seen as unfair to existing staff who may be undertaking the same level of work but for less pay, which does not provide a level playing field and may raise equality issues. Temporary agency staff have been engaged where necessary, the cost of which has been greater than permanent staff.

Members of the Committee welcomed the flexible approach to purchasing appliances and requested that the financial benefits of pre-ordering in other areas of inevitable spend are investigated.

Resolved

- 1) to note the report;**

- 2) **to approve the ordering of fire appliances relating to the 23/24 capital programme in advance of the 23/24 budget being agreed by Full Fire Authority.**

6 Internal Audit Annual Report 2021/22

Becky Smeathers, Head of Finance and Treasurer to the Authority, introduced Phil Dent, Internal Audit Supervisor, and Andrew Howarth, Senior Internal Auditor who will be taking over from Phil Dent when Phil retires, were in attendance to present the Internal Audit Annual Report for 2021/2022.

The following points were highlighted:

- a) Reasonable Assurance has been issued to date;
- b) 7 audits have been completed, with 4 presented in April and 3 further reports (Ethical Policies and Procedures, Pensions Administration, Facilities Management) attached as appendices to the report, with all 3 achieving Substantial Assurance;
- c) other additional Audits outside of the Audit Plan have included 'water rescue' and 'working at height', for which recommendations have been made and the Service is in the process of implementing;
- d) the Internal Audit Plan for 2022/23 has been discussed with the Strategic Leadership Team and will be made available for members to make comments. It will not be requested for approval as flexibility is required during the year to undertake audits where issues or concerns arise;
- e) approval is sought for the Audit Charter which was developed last year to strengthen the internal audit function and the governance around that, and is attached as appendix E to the report;
- f) access to and of Internal Audit has been increased by attending some meetings of the Strategic Leadership Team;
- g) there was no impairment to internal audit independence and no limitation of scope which means that there was full coverage although covid did have an impact on timings;
- h) the overall Annual Audit Opinion is concluded as Reasonable Assurance;
- i) the overall arrangements of Corporate Governance and Risk Management were undertaken which focused on the assessments other bodies', with both being issued with Substantial Assurance;
- j) action tracking is done by the Service and reported to the Strategic Leadership Team. There has been good progress but some recommendations have not yet been implemented.

It is requested that the section 14 heading of the Audit Charter is amended to 'Actioning of Internal Audit Recommendations'.

Resolved

- 1) **to note the contents of the report;**
- 2) **to approve the adoption of the Internal Audit Charter, as attached at Appendix E to the report;**
- 3) **to acknowledge the hard work and dedication of the late Internal Auditor Rob Disney, on behalf of the Service;**
- 4) **to thank Phil Dent for his work in difficult circumstances and wish him well in his retirement;**
- 5) **to thank the Becky Smeathers and the Finance Team for their ongoing exemplary work.**

7 Future meeting dates

Resolved to note the future meeting dates as agreed by the Authority at its AMG as:

14 October 2022, 20 January 2023, 31 March 2023.