



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

2022/23 REVENUE AND CAPITAL OUTTURN

Joint Report of the Treasurer and Chief Fire Officer

Date: 16 June 2023

Purpose of Report:

To report to Members on the provisional financial performance of the Service for 2022/23, analysing significant variances against the original revenue and capital budgets. The outturn position gives Members an overview of the financial position following the completion of the unaudited Statement of Accounts for 2022/23.

Recommendations:

It is recommended that Members:

- Note the contents of this report.
- Approve the transfer of £236k of underspends to Earmarked Reserves to support ongoing projects (section 2.2):

Earmarked Reserve	Amount £'000
Mobilising Reserve	213
iTrent Reserve	23
Total	236

- Approve the slippage of £980k on the capital programme as detailed in Section 2.43 and Table 5.

CONTACT OFFICER

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1. BACKGROUND

- 1.1 The purpose of this report is to give Members information regarding of the Authority's financial performance in 2022/23. The outturn position may be subject to change if any issues are identified by the finance team prior to the audit 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.
- 1.2 Members will be aware that the audit of the 2021/22 accounts has been delayed and is not due to commence until July. Due to events that have occurred since the 2021/22 accounts were completed it has been necessary to make some changes to them in accordance with IAS 10 *Events After the Reporting Period*. These changes include updating the LGPS defined benefit pension liability to reflect the recent triennial valuation, and the reversal of some accruals that are no longer required. Some of these accruals related to capital expenditure. This has impacted on the slippage of the 2021/22 capital budget into 2022/23.

2. REPORT

- 2.1 The 2022/23 revenue budget of £46.006m was approved by the Fire Authority in February 2022.
- 2.2 Total expenditure for 2022/23 was £45.170m, £352k of which was funded from earmarked reserves. This represents an underspend position of £836k (1.82% of the annual budget). After previously approved transfers to Earmarked Reserves have been actioned, the underspend is reduced to £236k. It is proposed that the remaining £236k is also transferred to Earmarked Reserves: £213k to the reserve for the Replacement Mobilising System and £23k to the reserve for iTrent Support (see Table 2 for details).
- 2.3 Table 1 below shows a summary of expenditure and funding, assuming that approval is given for the transfers to Earmarked Reserves outlined in Table 2.

Table 1 – Summary Expenditure and Funding Position

	Revised Budget 2022/23	Actual 2022/23	Variance 2022/23
	£000's	£000's	£000's
Employees	36,983	36,886	(97)
Premises	3,466	3,487	21
Transport	1,817	2,250	433
Supplies & Services	4,015	3,895	(120)
Third Party Payments	908	980	72
Support Services	166	105	(61)
Capital Financing	2,620	2,842	222
Income	(4,217)	(4,923)	(706)
Contribution from Earmarked Reserve in-year	(352)	(352)	0
Contribution to Earmarked Reserve	600	600	0
Net Expenditure	46,006	45,770	(236)
Proposed contribution to Earmarked Reserves (section 2.2)	0	236	236
Revised Net Expenditure	46,006	46,006	0

Funded by:	Annual Budget 2022/23	Actual 2022/23	Variance 2022/23
	£000's	£000's	£000's
General Fund Reserves	(153)	(47)	106
Business Rate Covid Relief Grant	(600)	(706)	(106)
Pension Grant	(2,340)	(2,340)	0
Revenue Support Grant	(5,619)	(5,619)	0
Non-Domestic Rates	(9,602)	(9,602)	0
Council Tax	(27,692)	(27,692)	0
Total Funding	(46,006)	(46,006)	0

- 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:** Before the proposed transfers to earmarked reserves are taken into consideration, the wholetime pay budget has underspent by £438k (1.8%). This is due a decision to delay recruitment. As a result of this decision, the number of posts was 23.7 FTE below the approved establishment at 31 March. The latest training course started in April.

Should the transfers to earmarked reserves be approved, this underspend will be reduced by £236k to £202k.

- 2.6 **On-Call Pay:** the overall On-Call pay budget has underspent by £15k. Turnout costs overspent by £120k due to a significant increase in activity caused by the hot, dry weather during the summer. This overspend has been offset by underspends in other areas, including drills and training which underspent by £96k due to lower than expected levels of recruitment.
- 2.7 **Non-Uniformed Pay:** the non-uniformed pay budget has overspent by £38k. The budget included planned in-year savings of £250k which have not been fully achieved within the current year. However, there has been a high level of vacant posts, and the savings from these vacancies have largely offset the overspend on the £250k savings target.
- 2.8 **Redundancy costs:** the budget for redundancy costs has overspent by £84k. Members approved the deletion of two roles from the non-uniformed establishment, which has resulted in these costs.
- 2.9 **Pension costs:** Pension costs have overspent by £223k. Significant variances include:
- The budget for ill health charges has overspent by £128k. There were two upper tier ill health retirements, one of whom was a dual contracted employee, plus a deferred ill health pension was awarded. The budget calculation assumed that there would only be two retirements, which was in line with recent experience.
 - The pension strain budget overspent by £72k. This expenditure related to the deletion of two posts from the non-uniformed establishment.
 - The budget for pensions paid from revenue overspent by £38k. £40k of irrecoverable debtors relating to the overpayment of tax were written off during the year, and this has impacted on this budget.
- 2.10 **Premises costs:** there is a net overspend on premises costs of £22k. There are, however, some large variances on individual budgets:
- The budgets for reactive repairs and maintenance and planned repairs and maintenance overspent by £126k and £81k respectively. A number of issues have caused the overspend on the reactive maintenance budget, including the supply of heaters at Highfields, the replacement of a water main at Stockhill, a new boiler at Bingham, and the replacement or repair of a number of appliance bay doors and gates. The overspend on the planned maintenance budget is due to the re-piping of the heating system at Stockhill.
 - The electricity budget underspent by £103k. Whilst electricity expenditure was 54% higher than the previous year, it did not increase in line with budgeted assumptions.
 - The budget for premises hire underspent by £51k. This mostly relates to the revenue charges for the joint headquarters. These charges were

reduced as the allocated office space was not fully occupied for part of the year.

2.11 Supplies and Services: Supplies and Services are underspent by £120k. Significant variances within this category include:

- A £72k overspend relating to insurance premiums (excluding premises and transport insurance). This overspend has been caused in part by an increase in the cost of cyber security premiums, and a transfer of £40k from the budget to fund new cyber security software.
- A £61k underspend on external audit fees. This is mainly due to the delay in the audit for the 2021/22 accounts, which is now not due to take place until 2023/24.
- A £78k overspend on software maintenance contracts. This is mainly due to an increase in the cost of licenses for the payroll and HR system.
- A £43k underspend on non-contracted ICT services. This is due to the first year costs of the cyber security project being met from the capital budget.
- A £38k underspend on consultancy fees. Due to resourcing issues it was not possible to deliver the planned programme of leadership activities. This led to an underspend in the consultancy fees budget.
- A £45k underspend on protective clothing. Fire kit is being reused where possible in order to keep costs to a minimum, and this has resulted in some savings. Additionally, some orders were not fulfilled during the year due to issues with supply chain disruption and long lead times.
- A £36k underspend relating to partnership working. This budget included funding to support the Emergency Services Network (ESN) Dimetra Communications Service, but this has not been spent due to delays to the project.

2.12 Transport: Transport is overspent by £433k. The main variances are outlined below:

- The fleet maintenance budget has overspent by £240k. This is due to increased maintenance costs and an ageing fleet. The capital replacement programme for vehicles will help to reduce unplanned maintenance costs in the future. However, longer than expected lead times are causing delays to the delivery of vehicles. It is now expected that three new appliances will arrive before the end of the 2023/24 financial year. It is possible that these delays in the replacement programme will impact the fleet maintenance budget in 2023/24. The budget will be monitored closely, and members will be informed of any likely variances in due course.
- The budget for fuel has overspent by £209k. This overspend is lower than the previously reported estimate as diesel prices have decreased by over 20% from the peak seen earlier in the financial year. Prices at the end of March had returned to levels similar to those seen prior to the invasion of Ukraine.

- 2.13 **Third Party Payments:** Third party payments have overspent by £72k. This is mainly due to costs recharged by Derbyshire Fire and Rescue Service for the replacement mobilising system, which were not included in the budget.
- 2.14 **Support Services:** Support Services are underspent by £61k, this is largely due to overcharges for committee services in 2021/22 being rectified in 2022/23.
- 2.15 **Sales, fees and charges:** There is a surplus of £112k on sales, fees and charges. Of this, £83k relates to recovered costs and is largely a result of an increase in the amount recharges to the Police for fuel usage. This is largely offset by the increased costs of supplying the fuel.
- 2.16 **Other Income:** There is a surplus of £593k other income. Significant variances are outlined below:
- There is a £76k deficit on the budget for government revenue grants. This mainly relates to the Firelink grant, as we received less than initially expected.
 - There is a surplus of £179k relating to income from the apprenticeship levy. Whilst the Service has to demonstrate that it does not profit from the receipt of income from the levy, the majority of the costs associated with delivering the training are already accounted for in the revenue budget (e.g. the salaries of the training staff). This income therefore represents a budgetary surplus.
 - There is a surplus of £52k relating to secondment income, as a result of secondments that have been agreed during the year and were therefore not included in the budget.
 - There is an estimated surplus of £200k relating to interest receivable. Capital slippage means that surplus cash balances can be invested for longer, and interest rates have risen as a result of the increases in the Bank of England base rate.
 - There is a surplus of £170k relating to non-specific government grants. The majority of this relates to the Business Rate Covid Relief grant, for which we received more than anticipated.
- 2.17 **Capital financing:** There is a £161k overspend on capital financing costs. This largely related to the funding of capital expenditure on the joint headquarters from the revenue budget, as approved by members in October 2022.
- 2.18 The provisional underspend position for 2022/23 was £236k (see section 2.3). It is proposed that this be transferred to Earmarked Reserves (see Table 2). The budgeted contribution from general reserves of £153k has taken place as planned, with £106k of this contribution coming from the surplus Business Rate Covid Relief grant.

Table 2 – Request for Transfers to Earmarked Reserves

Earmarked Reserve	£'000	Requirement
Unused Grants		
Mobilising Reserve	213	Additional Funding for the Mobilising Project
iTrent Reserve	23	Additional Consultancy required for the project
Total contribution to Earmarked Reserves	236	

RESERVES

2.19 Details of the movement in reserves during 2022/23 can be found in Appendix A. A net total of £331k has been transferred to reserves during the year. Total general fund and earmarked reserves as at 31 March 2023 were £10.298m.

Table 3 – Breakdown of Reserve Movement during 2022/23

Reserves	Balance 01/04/22 £'000	Net Movement 2022/23 £'000	Balance 31/03/23 £'000	
Earmarked	4,853	484	5,337	
General Fund	5,114	(153)	4,961	
Total	9,967	331	10,298	

2.20 After a contribution of £153k from general reserves for 2022/23 (£106k funded from the surplus Business grant), general fund reserves stand at £4,961m as at 31 March 2023.

CAPITAL BUDGET OUTTURN

2.21 Details of project expenditure can be found in Appendix B. Provisional expenditure as at 31 March 2023 was £2.265m, which is an underspend within the year of £1.820m against the Revised Budget of £4.084m. This includes £298k of funding from Earmarked Reserves and revenue contribution to capital.

2.22 A summary of variances is shown in Appendix A.

Table 4 – Capital Outturn Position 2022/23

	Revised Budget 2022/23	Actual 2022/23	(Under) / Overspend 2022/23	Slippage to 2023/24
	£000's	£000's	£'000	£000's
Transport	192	0	(192)	0
Operational Equipment	396	207	(189)	50
Property	2,011	1,537	(475)	304
IT & Communications	1,485	521	(964)	626
Total	4,084	2,265	(1,820)	980
Funded by:				
Borrowing		1,454		980
Earmarked Reserves and Revenue contribution to Capital		298		0
Capital Receipts		513		0
Total		2,265		980

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

TRANSPORT

2.24 A review of the current fleet has been undertaken and there is adequate provision in the 2023/24. Slippage of the underspend is not required 2023/24.

EQUIPMENT

2.25 The Duty Rig project has been delayed due to the procurement process and the long lead times within the supply chain. Members of the Finance and Resources Committee gave approval for £167k of the budget to be allocated to other budgets in the programme. The remaining budget £83k is no longer required and will not be slipped into 2023/24.

2.26 Foam Branches: the tender came in under budget at £40k. The project was completed by the end of the financial year with an underspend of £30k. This budget is not required to be slipped into 2023/24.

2.27 The Water Rescue project: the procurement of the thermal base layers, water/flood rescue boots, helmet lights and water rescue poles is now complete. The remaining budget of £29k is longer required.

- 2.28 The £50k Breathing Apparatus replacement valve project was identified as an invest to save scheme and got approval from this Committee in March 23. Expenditure will not be incurred until 2023/24 and slippage of the £50k budget is requested.

PROPERTY

- 2.29 Joint Head Quarters (HQ) Project - 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. The slippage of £230k is requested to be slipped into 2023/24.
- 2.30 Worksop Station was opened in May 2022. The final account has now been agreed. The sale of the former station is complete and was reported to Finance and Resources Committee separately. It was approved by the Finance and Resources Committee that £117k would be slipped into 2023/24 from other underspends. The remaining budget of £75k is requested to be slipped into 2023/24.
- 2.31 The Command Training Suite at Mansfield Fire Station is officially open. The new facilities include an office space and a control room to facilitate the incident command simulated scenarios, as well as four training rooms. An earmarked reserve of £175k has been used to part fund this project. The remaining budget of £160k is no longer required.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

- 2.32 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 overall underspend of £241k across the related projects. Slippage of the £241k is requested to be slipped into 2023/24.
- 2.33 The Tri Service Control and mobilising system work is an ongoing project. Slippage of the £103k is requested to be slipped into 2023/24.
- 2.34 The Replacement Equipment budget 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 £160k underspend be slipped into 2023/24.
- 2.35 HQ - Link ICT Replacement is for the enabling works at Joint Headquarters. The ICT structure is now in place. Some of the works were allocated to the main HQ project and therefore the £42k underspend is no longer required.
- 2.36 SharePoint: the underspend of £13k is required for the completion of Accessibility, Electronic Forms, and T drive Migration. It is requested that this is slipped into 2023/24.

- 2.37 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 £30k of the underspend be slipped into 2023/24.
- 2.38 The cyber security project has an underspend of £1k it is requested that this be slipped into 2023/24 and added to the 2023/24 approved budget.
- 2.39 Occupational Health: this project is now complete and the underspend of £28k is no longer needed.
- 2.40 The project to upgrade switches is now complete. Some switches have been recycled, and the underspend of £98k is no longer required.
- 2.41 Business process automation: this budget can be contained with the replacement ICT replacement budget and is no longer required.
- 2.42 The Mobile Data Terminals Project is ongoing. It is requested that the remaining budget of £77k is slipped into 2023/24 to fund the completion of the project.
- 2.43 Members are requested to approve capital slippage into 2023/24 as detailed in the table below:

Table 5 – Capital Slippage into 2023/24

Scheme	Slippage already Approved £'000	Requested Slippage £'000	Underspend not required £'000
Transport			
Rescue Pumps	2,006		
Light Vehicle Replacement	160		192
Special Appliances	755		
ICT Projects			
Business Process Automation			37
Mobile Computing	48		
HQ - Link ICT Replacement			42
ICT SharePoint Internet/Intranet		13	
ESMCP Grant from DCLG (ESN)		41	
Tri-Service Control Project		103	
Replacement Equipment		160	40
HQ Project - Cloud Migration		30	93
Emergency Services Mobile Communication Programme ESN		100	
Rostering Project - ICT			1
CFMIS Quick Screens and accessibility	250		
Cyber Security	45	1	
Occupational Health - ICT			28
HQ Core Switch Upgrade			50
Upgrade of Switches – Estate Wide			48
Airwave - Mobilisation system DCS		60	
Tri Service Mobilisation Infrastructure Replacement		40	
MDT Replacement Project		77	
Equipment			
Duty Rig Replacement			83
Foam Branches			30
Water Rescue - Capital			29
BA Quick Connect Cylinder Valve		50	
Premises			
Command Training Suite			160
Newark			10
Eastwood			1
Workshop	117	75	
Joint Head Quarters		230	
Total	3,381	980	844

DEBTS WRITTEN OFF IN 2022/23

2.44 One debt to the value of £747.76 has been written off during the 2022/23 financial year. This related to an overpayment of pension to a deceased pensioner.

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 2022/23. 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 transfer of £236k of underspends to Earmarked Reserves to support ongoing projects (section 2.2):

Earmarked Reserve	Amount £'000
Mobilising Reserve	213
iTrent Reserve	23
Total	236

- 10.3 Approve the slippage of £980km on the capital programme as detailed in Section 2.43 and Table 5.

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 2023

Reserve	Opening Balance 01/4/22 £'000	Movement into Reserve £'000	Use of Reserve £'000	Reallocation of Reserve Approved in MTFS £'000	Closing Balance 31/3/23 £'000
Resilience Crewing and Training	36	0	(1)	0	35
Prevention and Partnerships	245	16	0	0	261
Business Systems and Development	59	0	0	0	59
ESN Reserve	1,243	377	0	0	1,620
Transformation and Collaboration	552	0	(192)	0	360
Operational	444	36	0	0	480
Estates	0	62	0	0	62
Covid - 19	30	0	(15)	0	15
Other	356	14	0	0	370
Headquarters Move	50	0	(1)	0	49
Budget Pressures Support	936	190	0	0	1,126
Efficiency Programme	900	0	0	0	900
Total Earmarked Reserves	4,851	695	(209)	0	5,337
General Reserve	5,114	331	(484)	0	4,961
Total Reserves	9,965	1,026	(693)	0	10,298

APPENDIX B

CAPITAL EXPENDITURE 2022/23

Scheme	Revised Budget 2022/23 £'000	Actual Expenditure 2022/23 £'000	(Under) / Overspend £'000	Slippage required to 2023/24 £'000
Transport				
Special Appliances	0	0	0	0
Light Vehicle Replacement	192	0	(192)	0
Rescue Pumps	0	0	0	0
	192	0	(192)	0
Equipment				
Replacement Duty Rig	83	0	(83)	0
Foam Branches	70	40	(30)	0
Water Rescue	156	127	(29)	0
Breathing Apparatus Cylinder Valve	50	0	(50)	50
CCTV - vehicles	0	1	1	0
New Threats / MTFAs	0	2	2	0
Fire Gloves	37	37	0	0
	396	207	(189)	50
Estates				
Joint Headquarters	788	558	(229)	229
Newark Fire Station	10	0	(10)	0
Eastwood Fire Station	1	0	(1)	0
Command Training Suite	526	367	(160)	0
Workshop Fire Station	686	611	(75)	75
	2,011	1,536	(475)	304
IT & Communications				
Business Process Automation	40	3	(37)	0
HQ - Link ICT Replacement	90	48	(42)	0
Sharepoint	20	7	(13)	13
Emergency Services Mobile Communication Project	41	0	(41)	41
Tri Service Control	144	41	(103)	103
Replacement Equipment	309	109	(200)	160
HQ Project - Cloud Migration Work	137	14	(123)	30
Emergency services Network	100	0	(100)	100
Rostering Project	188	187	(1)	0
CFMIS	13	13	0	0
Cyber Security	30	29	(1)	1
HQ Core Switch upgrade	50	0	(50)	0
Upgrade of Switches - Estate Wide	100	52	(48)	0
Airwave - Mobilisation system DCS	60	0	(60)	60

Scheme	Revised Budget 2022/23 £'000	Actual Expenditure 2022/23 £'000	(Under) / Overspend £'000	Slippage required to 2023/24 £'000
Tri Service Mobilisation Infrastructure Replacement	40	0	(40)	40
MDT Replacement Project	80	3	(77)	77
Occupational Health system	43	15	(28)	0
	1,485	521	(964)	626
Total	4,084	2,264	(1,820)	980
		Actual Expenditure 2022/23 £'000		
Financed by:				
Capital Grant		0		
Capital Receipts		513		
Revenue/Earmarked Reserves		298		
Borrowing		1,453		
Total		2,264		