



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

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

# **REVENUE, CAPITAL AND PRUDENTIAL CODE MONITORING REPORT TO APRIL 2023**

Report of the Chief Fire Officer

**Date:** 16 June 2023

**Purpose of Report:**

To report to Members on the 2023/24 financial performance of the Service and Prudential Code monitoring to the end of April 2023.

**Recommendations:**

- To note the contents of the report, including the changes to the fire appliance capital budget outlined in sections 2.32 – 2.34.
- To approve the addition of a new £12k Marauding Terrorist Attack Equipment project to be funded from Capital Grant (section 2.30).

## **CONTACT OFFICER**

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## 1. BACKGROUND

- 1.1 Budget monitoring is a key aspect of financial management for the Fire Authority. Regular reporting of spending against the revenue budgets is a check that spending is within available resources and if necessary, allows for financial resources to be re-assigned to meet changing priorities.
- 1.2 This report covers those areas with a higher risk of significant variance. An assessment of this risk has been made in the light of the size of the budgets selected and/or previous experience of variances, as well as the emergence of actual variances. It is vital that an overview of the budgetary position during the year is maintained, so that appropriate action can be taken in respect of significant variances and the budget is managed as a whole.
- 1.3 Monitoring against the revised prudential indicators is also included in this report, as required in the Prudential Code published by the Chartered Institute of Finance and Accountancy (CIPFA).

## 2. REPORT

- 2.1 The revenue monitoring position is set out in Table 1 below. It shows a forecast outturn position of £48.660m, which is an £1.323m underspend against the revised budget of £49.984m. The approved budget of £49.965m included a £404k contribution from the earmarked reserve for Budget Pressure Support to address a funding deficit. As things currently stand, this contribution may not be required, although it should be noted that it is difficult to accurately predict year end year expenditure at this early stage. The revised budget reflects the planned use of £19k of earmarked reserves relating to various projects.

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

	<b>2023/4 Budget £'000</b>	<b>Revised Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
Net Expenditure	49,965	49,984	48,660	(1,323)
Revenue Support Grant	(6,189)	(6,189)	(6,189)	0
Business Rates (including related grants)	(11,286)	(11,286)	(11,286)	0
Pension Grant	(2,340)	(2,340)	(2,340)	0
Council Tax	(29,746)	(29,746)	(29,746)	0
General Fund	0	0	1,323	1,323
Earmarked Reserves	(404)	(423)	(423)	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 2.2 A more detailed analysis of expenditure can be found at Appendix A. Major variances on specific budgets are shown below.
- 2.3 **WHOLETIME PAY:** Wholetime pay is forecasted to underspend by £525k in total. We are currently expecting the number of posts to be below the approved establishment throughout the financial year, with the level of under establishment ranging from 16 to 28 FTE.
- 2.4 **ON-CALL PAY:** On-call pay can vary significantly from month to month depending on levels of activity and so it is difficult to forecast with any certainty. This budget will be closely monitored throughout the year and reported to members.
- 2.5 **NON-UNIFORMED PAY:** Non-Uniformed pay is expected to underspend by £45k due to there being a higher level of vacancies than anticipated. The vacancy factor currently stands at 9.1% compared with the budgeted level of 7.5%.
- 2.6 **PENSIONS:** The pension budgets are expected to overspend by £16k overall. The largest variance relates to injury allowance payments, which has a forecasted underspend of £33k. This is due to the number of recipients being lower than budgeted.
- 2.7 **SALES, FEES AND CHARGES:** there is an expected surplus of £93k. This relates to recovered costs and reflects the amount that we expect to receive from Derbyshire Fire and Rescue Service to cover costs incurred on the joint mobilising project. The costs associated with this project are pay related and are reflected in the estimated outturns for the pay budgets.
- 2.8 **OTHER INCOME:** there is an expected surplus of £416k. The significant variances in this category are as follows:
- There is a forecast surplus of £36k relating to secondment income, as an employee has been seconded to the National Fire Chiefs Council.
  - There is a £163k surplus relating to government grants. £147k of this relates to the Protection Uplift grant which will be received from the Home Office. Spending plans are being put in place for this grant, and approval will be sought to transfer any unspent balances to earmarked reserves.
  - There is an estimated surplus of £217k 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 recent increases in the Bank of England base rate.
- 2.9 **CAPITAL FINANCING COSTS:** there is an underspend of £212k relating to the budget for minimum revenue provision. This has been caused by slippage and underspends of £5.205m in the 2022/23 capital programme, details can be found in the 2022/23 Revenue and Capital outturn report which is also on the agenda.

## RESERVES

- 2.10 Details of the use of reserves during 2023/24 can be found in Appendix B.
- 2.11 Expected levels of reserves at 30 April 2024 are £11.6m as detailed in Table 3 below.

**Table 3 – Anticipated Movement in Reserves 2022/23**

<b>Reserves</b>	<b>Balance 01/04/23 £'000</b>	<b>Anticipated Use 2023/24 £'000</b>	<b>Expected Balance 31/03/24 £'000</b>
Net contributions from earmarked reserves	5,236	(20)	5,216
General Fund	4,961	1,323	6,284
<b>Total</b>	<b>10,197</b>	<b>1,303</b>	<b>11,500</b>
<b>ESMCP<sup>1</sup> Regional Reserve</b>	101	0	101
<b>Total</b>	<b>10,298</b>	<b>1,303</b>	<b>11,601</b>

<sup>1</sup> Emergency Services Mobile Communications Programme

- 2.12 The Emergency Services Mobile Communications Programme (ESMCP) regional reserve has been shown separately to those reserves held by the Authority to reflect that the funds are to be allocated regionally and do not belong to Nottinghamshire Fire and Rescue Service (NFRS).
- 2.13 The general reserve is predicted to be £6.284m at the end of the financial year, which is above the minimum level of £4.5m general fund reserve agreed by Fire Authority in December 2022.

## CAPITAL PROGRAMME

- 2.14 The 2023/24 Capital Programme approved by Fire Authority in February 2023 was £6.336m. The programme has since been amended to take account of slippage approved by Finance and Resources Committee in March 23 which takes the programme value up to £6.621m. The capital outturn report is elsewhere on the agenda and an additional £980k has been requested to be slipped into 2023/24. The total capital spend to the end of April 23 was £149k. The current capital programme is shown at Appendix C. The most significant areas of variances are detailed below.

## ICT

- 2.15 The ICT programme includes replacement equipment and software and supports specific schemes which underpin the Community Risk Management Plan (CRMP). Overall spend has been slower than originally anticipated due to vacancies within the ICT team. Spend is expected to pick up as this year progresses.
- 2.16 The Mobile Computing project (£48k) is for the purchase of additional ICT equipment (Surface Go's) to sit on the appliances. This project is dependent

on the outcome of the Mobile Data Terminal project and the equipment is yet to be purchased.

- 2.17 Replacement Equipment £220k – This budget will be for the purchase of Projectors (£40k), Battery Back Up Systems at all stations (£25k), WIFI access points (£50k), Surface Replacement (£50k), Incident Recording System Automation (£25k), and Distribution Servers (£30k). The slippage from 2022/23 recommended for approval elsewhere on this agenda will fund any replacement equipment that is required to keep the equipment robust and sustainable.
- 2.18 CFRMIS (Community Fire Risk Management Information System) – These 2 projects are still in the scoping stage due to priorities of other projects. Work is planned to commence early in the year. Progress on the project will be reported as the project progresses.
- 2.19 The Cyber Security project involves the implementation of a system to restrict access to the NFRS network. A consultant will be appointed to implement the system. Progress on the project will be reported to members as the project progresses.
- 2.20 MDT Replacement - This budget will purchase the Mobile Data Terminals (Hardware) in the appliances, these are expected to be purchased early this financial year.
- 2.21 Appliance Handheld Airwave Radio – this project is to purchase 30 handheld radios for business continuity and resilience.
- 2.22 System upgrades – a budget of £30k is set aside to upgrade core systems to enables them to be maintained and supported.

## **ESTATES**

- 2.23 Workshop Station was opened in May 2022. The retention of £85k and some additional costs are still outstanding.
- 2.24 Access and Inclusion (£500k. The budget is for the construction works for the alterations to NFRS estate, ensuring that compliance for accessibility and inclusion. Planning is underway with all surveys for each site complete. Design and project management consultants have been appointed and will commence the design works once the scope for each site has been confirmed.
- 2.25 Training and Development Centre – (£500k). This project is for alterations and refurbishment of existing welfare and training facilities including replacement of the antiquated Fire House control system. Design and project management consultants have been appointed with the initial design meeting with stakeholders taking place in June 2023.

- 2.26 Electric Charging Points – (£25k) 2023/24, (£100k) 2024/25. This is for the cost of the installation of vehicle charging points throughout the estate. This project includes the introduction of a centralised management system for all existing electric vehicle (EV) charging points with the removal of any closed protocol devices. Any remaining funds will be used to install additional EV charging points throughout the Estate. Meetings with potential suppliers are scheduled for June 2023.
- 2.27 Energy Reduction and Decarbonisation – (£50k 2023/24, £250k 2024/25). A consultant to determine NFRS' roadmap to Net '0' Carbon has been appointed and the data gathering exercise is underway with a plan to complete the report by September 2023. A further analysis of indirect carbon use (schedule 3) such as supply chain usage is planned to be commissioned early summer. From these reports works to reduce energy and decarbonise the estate will be identified and planned to be undertaken early 2024 to March 2025.

## **EQUIPMENT**

- 2.28 Replacement Duty Rig – The order is anticipated to be placed before the end of the year. The procurement process is taking longer than anticipated with suppliers not getting the premarket samples to NFRS in a timely manner which has impacted again on the timing of the trials. Bulk purchases lead times are also impacting on the project as lead times are between 7-9 months. It is now anticipated that this project will not be able to be fully completed until 2024/25. Members will be kept up to date and it may mean that the budget be rephased during the budget process, 2024/25 and 2025/26.
- 2.29 Gas Tight Suits – these will be purchased in year for operational use.
- 2.30 A capital grant previously received for Marauding Terrorist Attack (MTA) equipment is held in the Capital Grant Unapplied reserve. It is requested that a new project is added to the capital programme to purchase Digital Voice Recorders and MTA Training Skeds to be funded from the MTA grant.

## **TRANSPORT**

- 2.31 Light Vehicle budget - this budget is for the replacement of the Chief and the Assistant Chief Fire Officer cars, 5 Flexi Duty Officers cars, 2 vans and blue light fits. The Flexi Duty cars have been delivered for the blue light installation. The delivery of the 2 vans is expected July 2023. Orders have yet to be placed for the Chief Officers' car.
- 2.32 Fire Appliances (£2.840m 2023/24, £2.820m 2024/25) – The replacement programme for fire appliances is split over 2 years. Four appliances were due to be replaced in 2023/24 but the latest delivery schedule suggests that only 3 of the appliances will be delivered by end of March 2024. The final stage payment for the 4th appliance (£82k) will now be in paid in 2024/25 and not 2023/24.

- 2.33 The 2024/25 Fire Appliance programme includes funding for equipment such as ladders and PPVs (fans) and LPPs (light portable pumps). Reduced lead times mean that some of this equipment can now be delivered this financial year. Furthermore, we have been made aware from the suppliers that costs for LPPs are expected to increase from July. It is proposed to bring forward the £141k from the 2024/25 programme to allow the Service to take advantage of the change in circumstances. This will be partly offset by the delayed expenditure outlined in paragraph 2.32.
- 2.34 This budget will be monitored throughout the year and any necessary adjustments to the timing of the budget between the 2 years will be requested at a later date should this be necessary.

### **PRUDENTIAL CODE MONITORING**

- 2.35 The Fire Authority approved the prudential indicators for 2023/24 at its meeting on 24 February 2023. The Prudential Code requires that performance against these indicators is reported to Members.
- 2.36 The approved indicators along with performance as of 30 April 2023 are shown in the table below. There are some indicators which cannot be calculated until the year end expenditure is known.

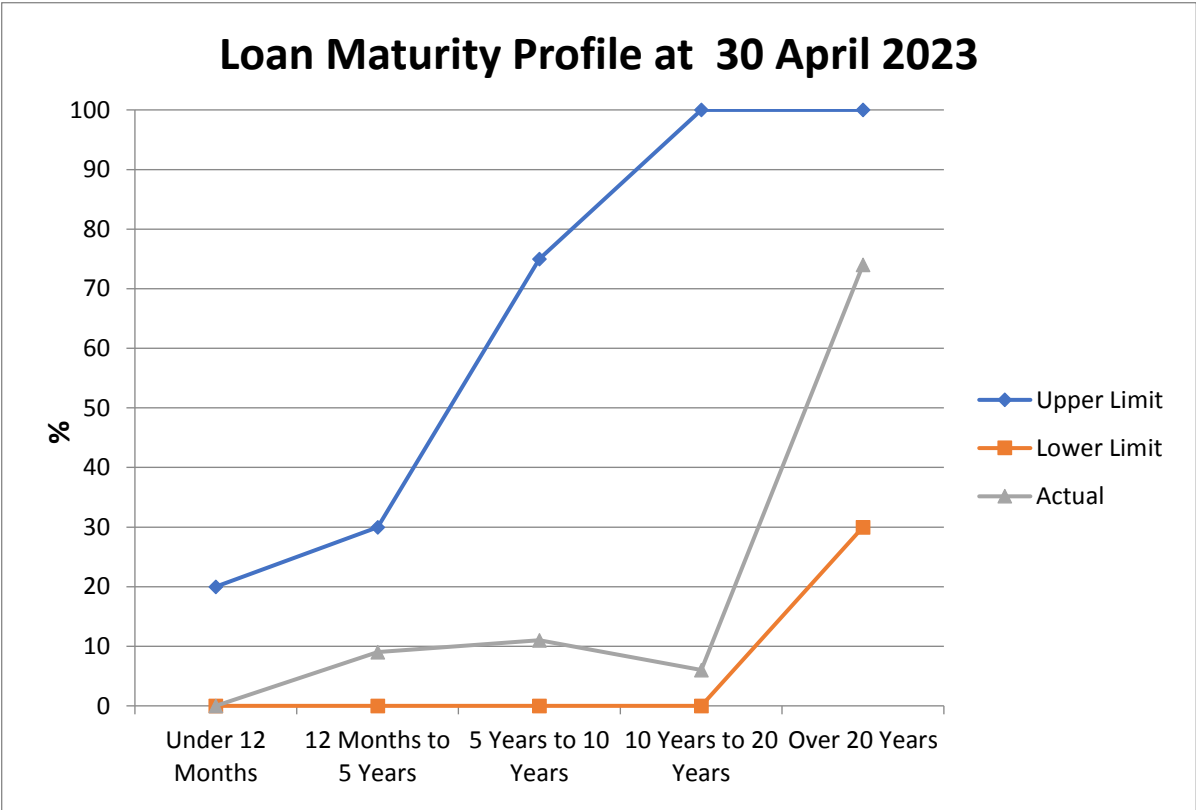
**Table 4 - Prudential Code Monitoring**

<b>Prudential Indicator</b>	<b>Approved Indicator</b>	<b>As of 30 April 2023</b>
Estimate of Ratio of Financing Costs to Net Revenue Stream	8%	Year End Only
Estimate of Total Capital Expenditure to be Incurred	£3,995,000	Year End Only
Actual Borrowing		£32,900,000
Estimate of Capital Financing Requirement	£30,646,000	£30,646,000
Operational Boundary	£36,901,000	£36,901,000
Authorised Limit	£41,591,000	£40,591,000
Upper limit for fixed rate interest exposures	100%	100%
Upper limit for variable rate interest exposures	30%	30%
Loan Maturity:	<u>Limits:</u>	
Under 12 months	Upper 20% Lower 0%	See Graph
12 months to 5 years	Upper 30% Lower 0%	See Graph
5 years to 10 years	Upper 75% Lower 0%	See Graph
Over 10 years	Upper 100% Lower 0%	See Graph
Over 20 years	Upper 100% Lower 30%	See Graph
Upper Limit for Principal Sums Invested for Periods Longer than 365 Days	£2,000,000	0
Upper limit for internal borrowing as a % of the Capital Financing Requirement	20%	16.48%

2.37 The total borrowing at the end of April 2023 was £32.9m. This is within the Operational and Authorised Limits set out in Table 4. It does, however, exceed the Capital Financing Requirement of £30.646m. This is because borrowing has been taken out earlier than the funding is required to avoid expected rises in interest rates. There is a £3m loan repayment due in March 24 which will bring the borrowing level back below the CFR by the end of the year. This is permitted within the Code of Practice guidance which states that the Authority should ensure that gross debt does not, except in the short term, exceed the total capital financing requirement in the preceding year plus the estimate of any additional capital financing requirement for the current and next two financial years.



2.38 The loan maturity profiles are all within the limits set. These are best demonstrated by graph:



2.39 Investments as of 30 April 2023 totalled £6m. Investment rates are monitored by a benchmarking group including councils and police which is supported by Link Asset Services. As at the end of March 2023, NFRS weighted average rate of return was 3.55%, compared with a group average of 3.93%.

**3. FINANCIAL IMPLICATIONS**

The financial implications are set out in the body of the report.

**4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

There are no human resources or learning and development implications arising directly from this report. Some of the efficiency targets will have had staffing implications which were considered as part of the decision-making process at the time.

## **5. EQUALITIES IMPLICATIONS**

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service. Its purpose is to explain variances to the approved budget which reflects existing policies.

## **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 directly from this report.

## **8. RISK MANAGEMENT IMPLICATIONS**

Budget monitoring and the regular receipt of financial reports is key to managing one of the most significant risks to the organisation, that of financial risk. The process of budget monitoring is a key risk management control measure, as are the management actions which are stimulated by such reporting.

## **9. COLLABORATION IMPLICATIONS**

This report identifies several areas where collaboration is taking place between NFRS, other fire authorities, East Midland Ambulance Service and Nottinghamshire Police. Opportunities for collaboration around asset use and ownership are continually being investigated.

## **10. RECOMMENDATIONS**

It is recommended that Members:

- 10.1 Note the contents of the report, including the changes to the fire appliance capital budget outlined in sections 2.32 – 2.34.
- 10.2 Approve the addition of a new £12k Marauding Terrorist Attack Equipment project to be funded from Capital Grant (section 2.30).

Craig Parkin  
**CHIEF FIRE OFFICER**

**REVENUE BUDGET MONITORING POSITION  
AS AT 30 APRIL 2023**

<b>Budget Area</b>	<b>Annual Budget £'000</b>	<b>Revised Budget £'000</b>	<b>Exp to Date £'000</b>	<b>Forecast Outturn £'000</b>	<b>(Under) / Over Spend Against Revised budget £'000</b>
Employees	39,942	39,958	3,176	39,371	(586)
Premises	4,111	4,111	97	4,111	0
Transport	2,220	2,221	124	2,221	0
Supplies & Services	4,392	4,394	411	4,378	(16)
Third Party	951	951	(62)	951	0
Support Services	171	171	43	171	0
Capital Financing Costs	2,692	2,692	20	2,480	(212)
Fees and Charges	(425)	(425)	(397)	(519)	(93)
Other Income	(4,088)	(4,108)	(5,134)	(4,524)	(416)
<b>Net Cost</b>	<b>49,965</b>	<b>49,965</b>	<b>(1,722)</b>	<b>48,641</b>	<b>(1,323)</b>
<b>Financed by:</b>					
Revenue Support Grant	(6,189)	(6,189)	(2,063)	(6,189)	0
Non-Domestic Rates	(11,287)	(11,287)	(368)	(11,287)	0
Council Tax	(29,746)	(29,746)	(2,975)	(29,746)	0
Pension Grant	(2,340)	(2,340)		(2,340)	0
Business Rates Covid Relief Grant	0	0	0	0	0
Earmarked Reserves	(404)	(423)	(20)	(423)	0
General Reserve	0	0	0	1,323	1,323
<b>Funding Total</b>	<b>(49,965)</b>	<b>(49,986)</b>	<b>(5,426)</b>	<b>(48,663)</b>	<b>1,323</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**ESTIMATED RESERVE POSITION AT 30 April 2023**

<b>Reserve</b>	<b>Opening Balance* 01/4/23 £'000</b>	<b>Movement During 2023/24 £'000</b>	<b>Closing Balance 31/3/24 £'000</b>
Resilience Crewing and Training	36	0	36
Prevention Protection and Partnerships	261	(2)	259
Business Systems Development	59	0	59
Transformation and Collaboration	360	(5)	355
Operational	480	0	480
Covid-19	15	0	15
ESN Reserve	1,620	0	1,620
Headquarters move	49	0	49
Budget Pressure Support	1,126	0	1,126
Efficiency Programme	900	(13)	887
Other	370	0	370
Estates	62	0	62
<b>Total</b>	<b>5,338</b>	<b>(20)</b>	<b>5,318</b>
General Reserve	4,961	1,323	6,284
<b>Total Reserves</b>	<b>10,299</b>	<b>1,303</b>	<b>11,602</b>

\*Provisional opening balance figures

## CAPITAL - BUDGET MONITORING REPORT – APRIL 2023

<b>Scheme</b>	<b>Revised Budget 2023/24 £'000</b>	<b>Actual Expenditure 2023/24 £'000</b>	<b>(Under) / Overspend £'000</b>	<b>Forecast Outturn 2023/24 £'000</b>
<b>Transport</b>				
Special Appliances	1,355	0	(1,355)	1,355
Light Vehicle Replacement	346	121	(225)	346
Rescue Pumps	2,840	0	(2,840)	2,840
Rural Unit	100	0	(100)	100
	<b>4,641</b>	<b>121</b>	<b>(4,520)</b>	<b>4,641</b>
<b>Equipment</b>				
Replacement Duty Rig	100	0	(100)	0
Gas Tight Suits	50	0	(50)	50
	<b>150</b>	<b>0</b>	<b>(150)</b>	<b>50</b>
<b>Estates</b>				
Access and Inclusion	500	0	(500)	500
Training Development Centre	500	0	(500)	500
Electric Vehicle charging points	25	0	(25)	25
Estate Energy Reduction and Decarbonisation	50	0	(50)	50
Worksop Fire Station	117	28	(89)	117
	<b>1,192</b>	<b>28</b>	<b>(1,164)</b>	<b>1,192</b>
<b>IT &amp; Communications</b>				
Replacement Equipment	220	0	(220)	220
CFRMIS Quick Screens	100	0	(100)	100
CFRMIS Accessibility	150	0	(150)	150
Mobile Computing	48	0	(48)	48
MDT Replacement	15	0	(15)	15
Cyber Security	45	0	(45)	45
Appliance Handheld Airwave Radio Addition	30	0	(30)	30
Payroll, Finance and Occ health Upgrade	30	0	(30)	30
	<b>638</b>	<b>0</b>	<b>(638)</b>	<b>638</b>
<b>Total</b>	<b>6,621</b>	<b>149</b>	<b>(6,472)</b>	<b>6,521</b>
<b>Financed by:</b>				
Capital Grant	0	0		0
Capital Receipts	3,310	0		3,310
Revenue Contribution to Capital and Earmarked Reserves	0	0		0
Borrowing	3,311	149		3,211
<b>Total</b>	<b>6,621</b>	<b>149</b>		<b>6,521</b>