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 22 March 2024 from 10.01 am - 10.24 am

Membership

Present	Absent
Councillor John Clarke MBE (Chair)	Councillor Richard Butler, Substituted by Councillor Johno Lee
Councillor Liaqat Ali	
Councillor Callum Bailey	
Councillor Sybil Fielding	
Councillor Anwar Khan	
Councillor Roger Upton	

Councillor Johno Lee (Substitute for Councillor Richard Butler)

Colleagues, partners and others in attendance:

Leila Berry - Assistant Chief Fire Officer
Bev Bull - Head of Finance and Treasurer to the Fire Authority
Laura Wilson - Senior Governance Officer

26 Apologies for Absence

Councillor Richard Butler – County Council business (Councillor Johno Lee substituting).

27 Declarations of Interests

None.

28 Minutes

The minutes of the meeting held on 19 January 2024 were confirmed as a true record and signed by the Chair.

29 Revenue, Capital and Prudential Code Monitoring Report to 31 January 2024

Bev Bull, Head of Finance and Treasurer to the Fire Authority, presented the report updating the Committee on the 2023/24 financial performance of the Service and Prudential Code monitoring to the end of January 2024, and highlighted the following points:

(a) The revenue monitoring position shows a forecast outturn position of £50.313m, which is an £0.649m underspend against the revised budget of £50.962m. 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 is not required. The revised budget reflects the planned use of £1.144m of earmarked reserves relating to various projects, plus a £147k contribution to earmarked reserves.

(b) As the £404k budgeted contribution from earmarked reserves is not required at this stage, the £649k forecasted underspend would result in a £245k contribution to general reserves. However, contributions to earmarked reserves totalling £228k are recommended and, if approved, will reduce the general fund underspend to just £17k. Rather than transferring this surplus to general reserves, it is proposed instead that any underspend be used to fund capital expenditure, as this will result in budget savings in future years. A final decision will be taken at year end when the outturn position is known.

(c) Wholetime pay is expected to underspend by £259k in total. At the end of January, the number of posts was 5.4 FTE below the approved establishment. There were 11 transferees from other fire and rescue services in January and 20 apprentice firefighters will commence their training in April 2024. Overtime is being used to cover the ridership in the short term, resulting in a £116k overspend against the pre-planned overtime budget.

(d) On-call pay can vary significantly from month to month depending on levels of activity, so it can be difficult to forecast with certainty. At this stage it is expected that the On-call pay budgets will underspend by £165k. The largest variances relate to incident related costs (£44k) and training (£43k). The number of mobilisations can be highly variable and activity levels have generally been lower than expected so far in 2023/24, notwithstanding spikes of activity relating to flood events. Expenditure on training has been lower than expected and as a result this budget will be reduced for 2024/25.

(e) Non-uniformed pay is expected to underspend by £199k overall due to vacancies in the establishment.

(f) Premises costs are expected to underspend by £70k. Significant variances include:
- a £137k underspend relating electricity and a £33k overspend relating to gas as energy costs have fluctuated significantly since the invasion of Ukraine in February 2022, making budget predictions difficult;
- Business rates are forecast to underspend by £91k due to a revaluation of West Bridgford station;
- a £78k overspend relating to reactive building repairs and maintenance driven by a number of activities, including the removal of asbestos from Eastwood station.

(g) There is expected to be a net overspend of £101k in transport related costs. Significant variances include:
- a £200k underspend relating to fuel as prices have reduced during the year;
- a £220k overspend on unplanned fleet maintenance due to an ageing fleet and unscheduled repairs to water and foam tanks;
- a £30k underspend on planned fleet maintenance due to the restructuring of service patterns, plus the disposal of a number of vehicles and plant items from the fleet;
- a £40k overspend on outsourced vehicle maintenance relating to specific repairs that cannot be carried out by the main contracted company;
- a £27k overspend relating to mileage claims and public transport costs. There are a number of reasons for this, including an increase in detachments resulting from wholetime vacancies, and mileage allowances/public transport costs paid to staff compulsorily transferred to the Joint HQ;
- a £30k overspend on tyres which has arisen due to extending the useful lives of some vehicles.

(h) Supplies and services are expected to overspend by £235k. Significant variances include:
- a £199k overspend relating to computer software maintenance contracts, some of which is due to the completion of capital projects resulting in ongoing revenue costs, and some is due to higher than expected inflationary increases. The budget has been increased for 2024/25;
- a £29k underspend relating to non-contracted ICT services, which is mainly used for the payment of consultants to carry out work for which we do not have the internal expertise, and expenditure can fluctuate depending on the needs that arise during the year;
- a £42k overspend relating to Firelink contract charges which are linked to RPI inflation. In 2023/24 the prices have increased by 13.5%, which exceeds the 5% budgeted increase;
- the budget for contributions to partnership working is forecasted to underspend by £47k mainly due to the budget relating to the Emergency Services Network Dimetra Communications Service no longer being required as the work is being carried out in-house;
- a collective £57k overspend relating to smaller budgets for equipment, furniture and materials. The most significant variance in this category relates to expenditure on community safety equipment and smoke alarms which has increased due to the number Safe and Well checks being carried out in the community, resulting in a £25k overspend.

(i) There is a forecasted surplus of £327k in other income. Significant variances include:
- £101k relating to secondment income not provided for in the budget;
- £128k relating to income arising from an insurance claim due to a fire appliance write-off; and
- £77k relates to a surplus on interest receivable due to increased interest rates and higher than expected level of funds being available for investment due to slippage in the capital programme.

(j) There is a forecasted underspend of £72k for capital financing costs. £100k of this underspend relates to revenue funding set aside for the Replacement Mobilising

System (RMS) server costs as this work will not now be completed in 2023/24. This £100k underspend is partially offset by a £28k overspend on minimum revenue provision costs.

(k) Expected levels of reserves at 31 March 2024 are:

Reserves	Balance 01/04/23 £'000[1]	Anticipated Use 2023/24 £'000	Expected Balance 31/03/24 £'000
Net contributions from earmarked reserves	5,236	(997)	4,239
General Fund	4,961	245	5,206
Total	**10,197**	**(752)**	**9,445**
ESMCP[2] Regional Reserve	101	0	101
Total	**10,298**	**(752)**	**9,546**

(l) The general reserve is predicted to be £5.206m 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, which will reduce to £4.1m next year.

(m) The current approved 2023/24 capital programme is £9.168m. The total capital spend to the end of January 2024 was £3.753m. The most significant areas of variance are:

(i) Fire Appliances (£2.840m in 2023/24, £2.820m in 2024/25): Angloco Ltd issued a revised build programme for the 17 new pumping appliances which showed a quicker than expected delivery of the chassis from Scania. The original capital programme for 2023/24 accounted for 12 chassis, however all 17 have been delivered. As a consequence the revised forecast spend for this financial year has increased from £2.8m to £3.269m. The revised programme indicates that one appliance will be delivered into service in March 2024 with the remaining 16 appliances expected by December 2024. Additional capital funding requirements will be partially offset by delayed expenditure in other projects. Permission will be sought to bring forward capital expenditure from 2024/25 once the final outturn position is known.

(ii) The 2024/25 Fire Appliance programme includes funding for equipment such as ladders and PPVs (Positive Pressure Ventilation fans) and LPPs (Light Portable Pumps). However, reduced lead times has led to the early delivery of the LPPs in 2023/24.

(iii) Access and Inclusion (£760k): due to the process of securing the finance for this project the construction programme was delayed until January 2024. Works have commenced at Bingham, Harworth, Ashfield, Misterton and Blidworth stations. The project is progressing well against the revised programme however it is likely that around £260k will be slipped into 2024/25.

(iv) Energy Reduction and Decarbonisation (£50k in 2023/24, £250k in 2024/25): a consultant has been appointed to determine the Service's roadmap to Net Zero

Carbon, and the data gathering exercise is underway. Detailed surveys to decarbonise Eastwood and Highfields Fire Stations have been completed, leading to a Public Sector Decarbonisation Scheme grant application for Highfields. The £50k budget allocated to 2023/24 will be fully spent. A grant offer of £367k from the Public Sector Decarbonisation Scheme to fund the works to replace the gas boilers at Highfields has now been received, the £250k approved capital scheme for 2024/25 provides the match funding for the grant with any remaining budget to be used to fund the fees to design and undertake the works at Highfields.

(v) Emergency Services Network (ESN)/Emergency Services Mobile Communication Programme (ESMCP): the national ESN programme has been paused, therefore the budget is not required at this time, it may need reinstating if the national programme recommences.

(vi) RMS Server Costs: the implications of this work are still to be finalised. Expenditure is now expected to fall into the 2024/25 financial year.

(n) 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:

- the Capital Financing Requirement (CFR) figure has been updated to reflect the forecasted closing balance. It has increased due the level of 2023/24 capital expenditure being higher than predicted when this indicator was initially approved by Members in February 2023. This is largely due to the amount of slippage from the 2022/23 capital programme;
- the total borrowing at the end of January 2024 was £32.9m. This is below the CFR and within the Operational and Authorised Limits. There is a £3m loan repayment due in March 24 which will be refinanced by further borrowing.

During the discussion that followed the following comments were made:

(o) some redundant appliances are sent abroad to help in other countries such as Ukraine, whilst others are sold at auction to generate income.

(p) The gas boilers at Highfields are being replaced with heat pumps, which have caused issues at Worksop, so it is important to ensure that they are appropriately guaranteed to reduce unexpected maintenance/repair bills.

Resolved to

(1) Note the contents of the report.

(2) Approve the transfer of £128k insurance claim income to a capital earmarked reserve.

(3) Approve the transfer of the £100k budget for the Replacement Mobilising System (RMS) server costs to the RMS earmarked reserve.

(4) Approve the bringing forward of £141k from the 2024/25 approved capital programme to fund the purchase of light portable pumps.

(5) Approve the repurposing of £87k of the Emergency Services Mobile Communication Programme ESN (Emergency Services Network) capital budget to fund the recommendations of the Contaminants Working Group and approve the slippage of this funding to 2024/25.

30 Corporate Risk Management

Leila Berry, Assistant Chief Fire Officer, presented the report providing an overview of the corporate risk management process including the current version of the Corporate Risk Register and highlighted the following points:

(a) In the last report there was one area of risk reporting at the highest level of ‘very high’ – mobilising, but there are now no areas of risk reporting at this level.

(b) Risk 3 – relating to mobilising, has been reduced to a rating of ‘high’ following a review of the current residual risk. Mitigations, including revised business continuity planning, development across key workstreams, the approval of a further ‘lot’ in the procurement of the replacement mobilising system, and continued oversight, management and scrutiny in place, has reduced this risk. Residual risks do continue in relation to disaggregation of the current Tri-Service approach, however these continue to be managed proactively.

(c) All risk areas have been reviewed and there is a downward trend in relation to risks facing the Authority in this period with the exception of one risk, availability of resources:

(i) The agreement of the 2024/25 budget, including setting of the precept for local council tax, has given stability to the immediate term in relation to delivering a balanced budget (Risk 1).

(ii) The likelihood of risks arising from employee engagement (Risk 4) have reduced through continued, proactive engagement with the workforce and representative bodies. Whilst there continues to be a number of national considerations in relation to this area of risk, local relations and engagement remain positive. Revised business continuity plans for key areas of service delivery ensure that mitigations are in place should this risk increase.

(iii) The likelihood of risk arising from workforce sustainability (Risk 5) has also reduced through continued, focussed workforce planning and recruitment. Steps have been taken to address a deficit in the wholetime establishment with twenty new firefighters due to start their training in April 2024. There has also been a reduction in turnover of personnel within the On-Call workforce and recruitment of 24 new trainee firefighters to this duty system. A previous increase in leavers, and challenges recruiting to vacant support roles, has been addressed through recruitment and retention enhancements, and the Service is seeing a lower turnover of personnel in these positions too.

(iv) Absence levels are proactively monitored and managed to ensure that emerging issues and trends are identified and addressed.

(v) The risk of availability of resources (Risk 9) has increased from medium, to high risk, due to an increase in the likelihood of disruption to the availability of resources, specifically fire appliances and equipment. The Service currently faces a number of potential risks in relation to the procurement of new appliances in relation to availability, costs and timescales, as well as challenges to the supply chain for new equipment and maintenance parts. This risk continues to be monitored closely by Service management with engagement with suppliers continuing both directly and through the National Fire Chiefs' Council (NFCC).

During the discussion that followed the following comments were made:

(d) The rising cost of vehicle insurance isn't explicitly listed in the risk register, but is covered by inflationary pressures so is being monitored.

(e) The budget risk is likely to rise over the next year so needs to be closely monitored.

(f) The ongoing issue with pensions is of great importance and there is a need for the Government to provide better guidance in order to resolve it.

Resolved to

(1) Endorse the Service's approach to managing the key risks to the Authority.

(2) Note the most recent version of the Corporate Risk Register detailed in Appendix A to the report.