



**NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM
FIRE AND RESCUE AUTHORITY**

**NOTTINGHAMSHIRE & CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY -
FINANCE AND RESOURCES**

**MINUTES of the meeting held at Fire and Rescue Services HQ, Bestwood
Lodge, Arnold Nottingham NG5 8PD on 24 June 2016 from 10.00 - 10.51**

Membership

Present

Councillor Malcolm Wood (Chair)
Councillor Chris Barnfather
Councillor Gordon Wheeler
Councillor Brian Grocock
Councillor Sybil Fielding
Councillor Darrell Pulk

Absent

Councillor John Allin
Councillor John Clarke
Councillor Dave Liversidge

Colleagues, partners and others in attendance:

John Buckley	- Chief Fire Officer, NFRS
Rob Disney	- County Council Auditor
Sue Maycock	- Head of Finance, NFRS
Ian Pritchard	- Head of Procurement and Resources, NFRS
Neil Timms	- Treasurer to the Authority
Zena West	- Governance Officer

1 APOLOGIES FOR ABSENCE

Councillor John Allin (Councillor Sybil Fielding substituting)
Councillor John Clarke (Councillor Darrell Pulk substituting)
Councillor Dave Liversidge (Councillor Brian Grocock substituting)

2 DECLARATIONS OF INTERESTS

None.

3 MINUTES

The Committee confirmed the minutes of the meeting held on 15 April 2016 as a true record and they were signed by the Chair.

4 OUT-TURN FOR 2015/2016

Sue Maycock, Head of Finance, presented the outturn report for 2015/16 detailing the financial performance of the Service, and analysing significant variances against the original budget.

The final Statement of Accounts will go to the Combined Fire Authority meeting in September 2016 but, as they are still subject to audit, the outturn could change, but this is unlikely.

When the budget was approved it included a planned contribution to reserves and the outturn position reflects this. There is an £873,000 underspend for the year, which includes the £570,000 contribution to reserves. The level of reserves at the end of the year reserves puts the Service in a good position whilst the sustainability strategy is implemented over the next few years.

The variances are largely the same as have been reported previously, but the fuel underspend of £124,000 wasn't expected. This is due to a price decrease for diesel and a reduction in the amount of fuel that has been used.

Monitoring of the fuel budget needs to be more robust, and bunkered stock has to be accounted for throughout the year. The current year's fuel budget has been reduced by £30,000.

It was previously reported to the Human Resources Committee that there were a number of pension errors and negotiations had taken place with the previous pension's administrator to resolve them. This year further negotiations have taken place and the Service has received £176,000 to offset costs. This was received at the end of February and will be allocated to the reserves.

Over £300,000 of earmarked reserves have been used to support pension strain and redundancy programmes. There were an unusually high number of ill health retirements in 2014/15, which has impacted on the outturn and will continue to impact over the next two years.

Approximately £400,000 of revenue budget has been used to finance the capital programme. Capital receipts from the sale of vehicles have also been used to partially finance the capital programme.

RESOLVED to

- (1) note the contents of the report;**
- (2) approve the total capital slippage of £1.211m to be carried forward to 2016/17.**

5 REVENUE AND CAPITAL MONITORING REPORT TO MAY 2016

Sue Maycock, Head of Finance, presented the revenue and capital monitoring report detailing the financial performance of the Service to the end of May 2016, focussing on key areas where outturn variances are likely to occur.

There are some variances emerging already. The approved budget included a deficit, which was to be funded by a transfer from reserves at the end of the year. The current forecast overspend is £100,000 but this can all be funded by relevant earmarked reserves, if required.

The Wholetime pay budget reflects a reduced establishment this year and it was acknowledged by the Combined Fire Authority, when the budget was approved, that achievement of this would take place over the course of the year with the natural turnover of employees. An earmarked reserve has been created this year to support the Wholetime pay budget during this transition and to date £180,000 of this £350,000 reserve will be required to fund the overspend.

The administrative and support pay is underspent due to a number of vacancies at the end of year, but recruitment is now underway and a number of temporary posts have been approved to work on projects.

Ill health retirement costs are overspent, but the budget for injury pensions is expected to be underspent so can offset the overspend on ill health retirements.

There is an underspend on interest charges as no new long term borrowing has taken place.

The capital programme includes the slippage approved in the outturn report. The total underspend is almost £2.3m, mostly in fleet. A key issue is the sustainability strategy, which means the Service needs to review the types of vehicles it uses.

The London Road Fire Station project has a predicted underspend. The Newark, Hucknall and Worksop Fire Station projects are all in the early stages.

All ICT projects are progressing well with no projected slippage.

Members commented that the transport budget appears to miss targets regularly, so it may be appropriate to bring the transport strategy to a future meeting.

RESOLVED to

- (1) note the contents of the report;**
- (2) note that a transfer of funding of £108,000 from earmarked reserves to the Whole-time pay budget will be effected to fund the overspend of pay to date resulting from the planned over-establishment of posts;**
- (3) request that the Chief Fire Officer presents a report to the next meeting of this Committee outlining the future transport strategy and any financial implications.**

6 PRUDENTIAL CODE MONITORING REPORT TO MAY 2016

Neil Timms, Treasurer to the Fire Authority, presented the prudential code monitoring report detailing the performance of the Service to the end of May 2016 relating to the prudential indicators for capital accounting and treasury management.

There is a continual issue with limits in terms of loan maturity, which is caused because the Service isn't borrowing any long-term money, but this doesn't raise any concerns.

Treasury management is complex and there needs to be balance between available liquid funds and funds in investments or borrowed. The Service has taken out a short term loan with another Local Authority.

RESOLVED to note the contents of the report.

7 INTERNAL AUDIT ANNUAL REPORT 2015/2016

Neil Timms, Treasurer to the Fire Authority, and Rob Disney, County Council Auditor, presented the internal audit report for 2015/16.

The internal auditors prepare an annual report which gives the opportunity to review internal audit, as required under the Code of Practice on Local Authority Accounting, to analyse efficiency and effectiveness. The report shows the Service meets the standards expected.

6 final reports and 3 draft reports were issued last year, and 4 audits were ongoing at year end. The findings for 3 of the audits were that all but one of the draft and final reports carried positive opinion. The exception was on the Princes Trust Partnership, but this has now been finalised and will be reported on at a later stage. The auditors are satisfied with the overall level of control, and the findings can be carried through to the annual governance statement.

The 2016/17 plan is based on an audit risk assessment which uses a range of risk factors for different areas that might be covered. The outcome sets out the assessed levels of risk in place for each of the different areas of the plan. There is flexibility in the schedule as risks need to be kept under review and there needs to be ability to respond to any new and emerging risks coming through.

RESOLVED to note the contents of the report.

8 REVISED PROPERTY STRATEGY

Ian Pritchard, Head of Procurement and Resources, presented the revised property strategy detailing minor revisions to the strategy that was agreed in October 2014.

When the strategy was first presented in October 2014 it was agreed that it would be reviewed every year. The revisions are relatively minor and mainly focus on changing the terminology used, emphasis on cooperating with other organisations, and updating estimated costs for the future.

It is now proposed for the review every to take place every 2 years.

RESOLVED to note the contents of the report.

9 NEW LONDON ROAD FIRE STATION PROJECT UPDATE

Ian Pritchard, Head of Procurement and Resources, presented the update report on the new London Road Fire Station Project.

The new station is on the former Gresham works site on London Road and will be about a third of the size of the Central Fire Station. The Service agreed a value of £600,000 with the City Council, and also agreed to share accommodation with the Council's Emergency Planning Team. 4 tunnels running under London Road have been found on site which the Service has agreed to fill and has been incorporated into the contract.

The development was competitively tendered and 6 were shortlisted, and it was won by J Tomlinsons who are Nottinghamshire based. The planning permission had 29 conditions, the majority of which were to do with the land contamination.

The Station will be linked to the district heating system, and negotiations are to agree a contract for the price over the next 20 years. There will be the maximum amount of photovoltaic panels installed on the roof, which will reduce heating and electricity costs. There is also a 30% CO₂ emission reduction. The thermal insulation on the building has been increased at minimal cost to reduce costs going forward.

The project is predicted to be completed under budget. The budget is £5m, and costs currently stand at between £4.6m and £4.7m, but ICT and furniture are still being sourced, so the final cost is not known yet. The final report on the budget will probably be about 6 months after the Service has moved in.

The station will include a greenwave traffic management system so when a mobilisation occurs the traffic control centre will control traffic depending on what direction the engines want to travel in from the station.

The build is due to finish in August with an estimated moving in date of 13 September.

RESOLVED to note the contents of the report.