



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

FINANCE AND RESOURCES COMMITTEE

**MINUTES of the meeting held at Nottinghamshire Fire and Rescue Service HQ,
Bestwood Lodge Drive, Arnold, Nottingham, NG5 8PD on 28 June 2019 from
10:02am to 10:55am**

Membership

Present

Councillor John Clarke (Chair)
Councillor Andrew Brown
Councillor Toby Neal

Absent

Councillor Mike Quigley MBE
Councillor Nick Raine

Councillor Vaughan Hopewell
(Substitute for Councillor Mike Quigley
MBE)

Colleagues, partners and others in attendance:

Rob Disney	-	Internal Auditor
Adrian Mann	-	Governance Officer
Ian Pritchard	-	Assistant Chief Fire Officer
Charlotte Radford	-	Chief Finance Officer
Terry Scott	-	Head of Procurement and Resources
Becky Smeathers	-	Head of Finance

1 APOLOGIES FOR ABSENCE

Councillor Mike Quigley MBE	-	personal reasons
Councillor Nick Raine	-	work commitments

2 DECLARATIONS OF INTERESTS

None.

3 MINUTES

The Committee confirmed the minutes of the meeting held on 29 March 2019 as a correct record and they were signed by the Chair.

4 REVENUE AND CAPITAL OUT-TURN FOR 2018/19

Becky Smeathers, Head of Finance, presented a report on the financial performance of the Service for 2018/19 and an analysis of the significant variances against the original revenue and capital budgets. The following points were discussed:

- (a) the out-turn report showed a £67,000 under-spend in the revenue budget. This included the utilisation of a net total of £1,770,000 from reserves, including £393,000 planned expenditure from earmarked reserves;
- (b) to comply with the relevant accounting standards relating to termination benefits, a provision of £647,000 is included in the accounts to cover the redundancy payments arising from the upcoming Joint Control Room merger with Derbyshire Fire and Rescue Service and the planned closure of the Prince's Trust Programme (which showed a net cost deficit of £223,000);
- (c) the total reserves at the end of the year were £10,337,000, with an earmarked reserve balance of £4,800,000 and a General Reserve of £5,500,000. A one-off payment of £163,735 was received through the Revenue Support Grant, due to the national floors and ceilings safety net programme being delivered at a lower cost than expected, and this has been used to create an operational resilience reserve. Approval is required for the movement into the reserves of the one-off Revenue Support Grant payment, the £50,000 needed to create a reserve to fund any necessary work resulting from Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services' upcoming inspection, and the £20,324 of resilience grants that were not spent in 2018/19;
- (d) some slippage of spending into the 2019/20 budget is requested, due to some very positive collaborative initiatives taking slightly longer to deliver than expected, including the Lightweight Fire Coats project (with the Derbyshire Fire and Rescue Service) and the new fire station in Hucknall (with the East Midlands Ambulance Service);
- (e) three debts totalling £1,491 have been written off, mainly due to a pension overpayment following the death of the pensioner, with the small remainder due to leaving staff having taken more than their pro-rata annual leave entitlement prior to their departure;
- (f) the lack of staff resources leading to the slippage of the project to install CCTV in Service vehicles was caused by the assigned project manager needing to cover another post for a colleague during a period of illness. Both managers are now back in their original posts, so the CCTV project can move forward as planned.

RESOLVED to:

- (1) approve the transfer of £234,000 into reserves;**
- (2) approve carrying forward the 2018/19 total capital slippage of £2,081,000 to the 2019/20 budget.**

5 FINAL ACCOUNTS 2018/19

Becky Smeathers, Head of Finance, gave a presentation on the Fire Authority's 2018/19 final accounts, prior to their approval by the full Authority at its coming meeting on 26 July 2019. The following points were discussed:

- (a) a change to the accounts is required following the McCloud pensions judgement, which found that Government changes to the pension scheme for firefighters in 2015 were age discriminatory. This will result in an increase to the pension liability. The actual costs will need to be incorporated into the pension fund and this will be reviewed by the external auditors;
- (b) the unaudited accounts for 1 April 2018 to 31 March 2019 have been prepared in accordance with the relevant Code of Practice on Local Authority Accounting and were submitted to Ernst & Young (EY), as the External Auditor, on 31 May, in line with the statutory deadline. Unfortunately, EY has a shortage of capacity currently and will not be able to carry out the audit until August. As such, consideration is being given to when the Fire Authority should meet to approve the report, and when (and in what form) the final accounts should be published;
- (c) the year-end out-turn position compares expenditure to the approved budget, including the expenditure to be funded from income received in the year, and reflects the cost to the taxpayer of providing the service. It complies with standard accounting practices, but does not require auditing. The Statement of Accounts shows the 'true' cost of providing services, including the notional costs, such as depreciation. It must comply with the relevant Standards and Codes of Practice and be externally audited, for approval by the full Fire Authority;
- (d) the Statement of Accounts includes a summary Narrative Statement and the four Core Statements: the Movement in Reserves Statement (which splits out the cash-backed and non-useable reserves); the Comprehensive Income and Expenditure Statement (showing what resources have been consumed, including changes in the pension fund liability); the Balance Sheet (showing the net worth of the organisation – which currently includes a deficit due, primarily, to the net pension deficit); and the Cash Flow (showing the movements in cash during the year, which are normally straightforward).

6 REVENUE, CAPITAL AND PRUDENTIAL CODE MONITORING REPORT TO 31 MAY 2019

Becky Smeathers, Head of Finance, presented a report on the financial performance of the Service in 2019/20 to the end of May 2019. The following points were discussed:

- (a) the budget forecast showed an out-turn position of £41,689,000 against a revised budget of £42,864,000, including the planned use of £167,000 of the earmarked reserves. It is difficult to give a fully accurate forecast at this early point of the year, but the projected under-spend position of £1,175,000 is larger than would be expected, normally. However, some of the under-spend is due to large, one-off items of additional income or savings that have been identified since the budget

was set. There is a concerted effort to identify ongoing savings and the Procurement Team are working hard to deliver cost-effective contracts;

- (b) the budgets allowed for a contingency of approximately £200,000 to support the day-crewing project, but this was not needed. The Service also receives grants from the Government to compensate for any loss of income from the National Non-Domestic Rates, where this is caused by a Government policy. The 2019/20 grant figures were released in May and the Service will receive £672,000, which is £233,000 above the estimate used in the budget;
- (c) an under-spend of £367,000 is expected in pay for non-uniformed roles, due to there being 10 vacancies at the end of May. Several of these posts are only vacant on a temporary basis, so it is difficult to appoint cover. The forecast under-spend for pension costs is £137,000, most of which relates to ill health charges. The situation is being monitored and consideration is being given to whether funding should be provided through a reserve, rather than through revenue;
- (d) total Capital Project expenditure to date is £137,000, with a forecast out-turn expenditure of £6,627,000, including the slippage of £2,081,000 from the 2018/19 budget. The new Hucknall station is now progressing well, along with a number of ICT projects. The expected level of reserves at 31 March 2020 is £10,107,000;
- (e) under the Prudential Code, borrowing activity has remained within its set boundaries and there has been no further borrowing since the start of the financial year. All investments have been made securely.

7 INTERNAL AUDIT ANNUAL REPORT 2018/19

Rob Disney, the appointed Internal Auditor from Nottinghamshire County Council, presented a report on the annual Internal Audit and the Internal Audit Strategy for 2019/20 to 2020/21. The following points were discussed:

- (a) the audit plan has been largely completed, with only one report yet to be finished. Limited assurance opinions have been provided in relation to the closing Prince's Trust programme and the issues relating to the Redkite system for recording firefighter training;
- (b) the rest of the audit reports have covered important and impactful areas and delivered positive assurances for the organisation, which has good governance, risk management and control processes. Internal audit testing is carried out to ensure that the recommended actions of the audit are carried out and participation from the Fire Authority committees is very valuable to this process;
- (c) the Audit Plan for the next year is flexible and will address any emerging risks.

RESOLVED to approve the Internal Audit Plan for 2020/21 to 2021/22.

8 EXCLUSION OF THE PUBLIC

RESOLVED to exclude the public from the meeting during consideration of the remaining item in accordance with Section 100A of the Local Government Act

1972, under Schedule 12A, Part 1, Paragraph 3, on the basis that, having regard to all the circumstances, the public interest in maintaining an exemption outweighed the public interest in disclosing the information.

9 ESTATES COLLABORATION UPDATE

Terry Scott, Head of Procurement and Resources, presented a report on the current and future estates collaboration between Fire and Rescue and other emergency services.

RESOLVED to approve the recommendations as set out in the exempt report.