

ETAP Fire and Rescue Finance Panel – Summary Issues and Actions – September and October 2020
Item 2 (i)

Issue	Panel Update	Actions/Recommendations
Monthly Financial Monitoring	<p>The Panel received summary financial and capital expenditure performance reports for periods 5 and 6.</p> <p>The Group's total Revenue spend year to date is £20.5m which is £0.3m favourable to budget. Pay costs are showing a favourable variance to budget year to date of £0.2m. The 1% difference between the operational budgeted pay award of 3% and the actual of 2% has been transferred to reserves in the period to help with financial funding pressures for 2021/22.</p> <p>Non-pay costs year to date are £0.1m favourable to budget. The Panel heard there are no cost areas of concern at this stage. The Fire Service have received circa £1m of Section 31 Covid Grant and are required to complete monthly returns and forecasts of spends to the Home Office. The forecast spend to the end of September is approx. £500k.</p> <p>The Capital Programme for 2020/21 has been approved at £6.1m (which includes the collaboration work at Hanley Fire Station), with just £1.2m committed expenditure to date. The Panel noted the reprofiling of the spend on two major station projects at Abbots Bromley and Brewood.</p> <p>The Cash position at 30th September 2020 is £18.9m. Cash remains in line with expectation and is invested in accordance with the Service's Annual Investment Strategy.</p> <p>The Panel noted this healthy financial position going into a period of uncertainty.</p>	The Panel will continue to closely monitor the underlying financial performance in 2020/21.
2019/20 Statement of Accounts	<p>The Panel received a final draft set of accounts with a verbal update on progress regarding the external audit review.</p> <p>The Panel sought clarification and amendments in relation to some aspects of the foreword and narrative statement and the main diagram in the Annual Governance Statement.</p> <p>The Panel noted the complexity of the accounts and welcomed the Redmond Review recommendation for simplification of reporting.</p> <p>The Panel were updated on external audit progress and the expected unqualified audit opinion. The Panel also noted the additional fee request due to extra work in relation to pensions and as a result of pressure from regulators in relation to audit quality.</p> <p>The Panel thanked the finance team for their commitment to maintaining the original year end timetable and the delivery of a "clean" audit opinion.</p>	The Panel were asked to feed any detailed questions on the accounts to the S151 officer.

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MTFS update	<p>The Panel received an advanced copy of the paper being delivered to the Police, Crime and Fire Panel which updates members on the medium-term financial issues facing the Group.</p> <p>The paper illustrates the potential financial gap facing the Commissioner in the next three years. For 2021/22 this gap is currently forecast to be in the range of £1.1m to £2.7m compared to the January MTFS forecast of £0.9m. By 2024/25 the increases in the revenue gap are forecast to increase by between £0.6m and £2.4m. This shift in the current forecasted financial position is largely due to the impact of the pandemic on local Council Tax income projections. At this stage there is no indication that any central funding will be available to offset this loss. As a result, the Group are looking at new cost reduction projects that could fill the forecast budget gaps in future years.</p> <p>The Panel noted that the revenue gap was less significant than that in Police and Crime, but that there are significant other financial pressures not least in relation to pay. As with policing the Panel noted that there are a range of ways of addressing the revenue gap and the capital uncertainties. These include</p> <ul style="list-style-type: none"> - Seeking additional government funding - Adopting more positive assumptions about inflation and pay awards - Developing a robust change programme and revenue savings plan - Maximising precept increase opportunities - Utilising revenue and earmarked reserves - Delaying capital spending and borrowing. <p>The Panel looks forward to assisting with the exploration of these options as the MTFS is finalised.</p>	The Panel will continue to monitor the impact of the current crisis on the medium-term financial position.
Other issues	<p>The Panel received a positive verbal update in relation to progress by the new Internal Auditor.</p> <p>The Panel also noted the Government's paper reviewing the role of the PCC. One possible outcome would be to replicate the governance arrangements in policing for FARS. The Panel noted this would mean another set of accounts for ETAP to review!</p>	

Alan Edwards
ETAP Finance Panel Chair