



**To: All Members of the Audit Committee  
(and any other Members who may wish to attend)**



**R. Groves  
Monitoring Officer**

Tel: 0151 296 4000  
Extn: 4236 Vicky Campbell

Our ref VC/RG

Date: 1<sup>st</sup> February 2023

Dear Sir/Madam,

You are invited to attend a meeting of the **AUDIT COMMITTEE** to be held at **1.00 pm** on **THURSDAY, 9TH FEBRUARY, 2023** in the Liverpool Suite - Fire Service Headquarters.

This meeting will be available to watch via YouTube at the following link:

<https://youtu.be/V4725EKw4vQ>

Yours faithfully,

PP – V Campbell

Monitoring Officer

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**MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**AUDIT COMMITTEE**

**9 FEBRUARY 2023**

**AGENDA**

**Members**

Cllr Jan Grace (Chair)  
Cllr Edna Finneran  
Cllr Harry Gorman  
Cllr Lynn Hinnigan  
Cllr Andrew Makinson  
Cllr Hugh Malone  
Anthony Boyle

**1. Preliminary Matters**

The Authority is requested to consider the identification of:

- a) declarations of interest by individual Members in relation to any item of business on the Agenda
- b) any additional items of business which the Chair has determined should be considered as matters of urgency; and
- c) items of business which may require the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

**2. Minutes of the Previous Meeting (Pages 5 - 8)**

The Minutes of the previous meeting, held on 27<sup>th</sup> September 2022, are submitted for approval as a correct record and signature by the Chair.

**3. 2021/2022 Auditor's (Grant Thornton) Annual Report (Pages 9 - 32)**

To consider report CFO/60/22 detailing the outcomes of the Auditor's finding in relation to the 2021/22 Statement of Accounts and the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources.

**4. Grant Thornton (Audit) Progress Report and Sector Update (Pages 33 - 50)**

To consider attached report CFO/61/22 from the Authority's Auditors, Grant Thornton on delivering their responsibilities to the Authority in relation to 2021/22 and 2022/23 financial statements and value for money requirements.

**5. Financial Review 2022/23 - October to December (Pages 51 - 84)**

To consider report CFO/56/22 and to review the revenue, capital, and reserves financial position for the Authority for 2022/23. The Authority receives regular comprehensive financial reviews during the year which provide a full health check on the Authority's finances. This report covers the period October to December 2022

**6. Internal Audit Progress Report - April to December 2022 (Pages 85 - 98)**

To consider report CFO59/22 and to inform Members of the work of internal Audit for the period April to December 2022.

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If any Members have queries, comments or require additional information relating to any item on the agenda please contact Committee Services and we will endeavour to provide the information you require for the meeting. Of course this does not affect the right of any Member to raise questions in the meeting itself but it may assist Members in their consideration of an item if additional information is available.

## MERSEYSIDE FIRE AND RESCUE AUTHORITY

### AUDIT COMMITTEE

27 SEPTEMBER 2022

### MINUTES

**Present:** Cllr Jan Grace (Chair)  
Cllr Harry Gorman  
Cllr Dave Hanratty  
Cllr Andrew Makinson  
Cllr Hugh Malone  
Anthony Boyle

**Also Present:** Deputy Chief Fire Officer Nick Searle, Ria Groves and Ian Cummins

**Apologies of absence were received from:** Chief Fire Officer Phil Garrigan, Cllr Lynn Hinnigan and Cllr Edna Finneran

#### 1. Preliminary Matters

Members considered the identification of declarations of interest, any urgent additional items, and any business that may require the exclusion of the press and public.

#### RESOLVED that:

- a) no declarations of interest were made by individual Members in relation to any item of business on the Agenda
- b) no additional items of business to be considered as matters of urgency were determined by the Chair; and
- c) no items of business required the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

#### 2. Minutes of the Last Meeting

**Resolved** that the minutes of the last meeting held on 7<sup>th</sup> June were agreed as an accurate record.

#### 3. Audit Findings 2021/22

Grant Thornton presented the report on the audit findings for Merseyside Fire and Rescue Authority. Members were asked to consider the report and verbal presentation concerning the audit findings following their audit of the Authority's 2021/22 financial statements.

Georgia Smith from Grant Thornton advised Members' that the audit is substantially complete however there are a few final outstanding queries that need to be addressed but that these should be completed by the end of next week and will not impact on their findings.

Members questioned if all of the bullet points had been resolved contained at page 5 of the report. Georgia Smith stated that there are a couple of areas with outstanding queries and work needs to be completed on both sides to ensure this is finished however nothing is substantial and no major findings should be brought back.

**RESOLVED** that Members noted the verbal presentation outlining the audit findings following their audit of the Authority's 2021/22 financial statements and accompanying report.

#### **4. Statement Of Accounts 2021/22 - Approval of Unaudited Statements**

Director of Finance and Procurement Ian Cummins took the committee through the statement of accounts for 2021/22. Members were asked to consider the report. (Appendix 1)

Cllr Gorman queried what the main reason for the delay in the pension fund was. Ian Cummins stated the delay is down to the difficulty of providing the level of assurances and information Grant Thornton are required by regulations to get from Merseyside Pension Fund and the associated Fund investments. He then assured Members that the information required by the Auditors and associated audit work should be completed by next week and the draft statement of accounts are expected to remain unchanged.

**RESOLVED** that

- a. the unaudited Statement of Accounts 2021/22 attached as (Appendix A) to report CFO/44/22 be approved and authorised for issue, and
- b. the letter of representation in relation to the 2021/22 accounts (Appendix B) be approved

#### **5. Financial Review 2022/23 - April to June**

Director of Finance and Procurement Ian Cummins then took the committee through the financial review for 2022/23. (Appendix 2)

Members queried the current rise in interest rates and questioned how confident the Authority is that the impact of higher inflation can be contained within the current financial plan. Ian Cummins stated that he was confident that the inflation reserve, £3m, combined with the 2022/23 inflation provision was sufficient to meet the inflation challenges in the year and any longer term impact would be considered as part of the 2023/24 budget process.

Members then queried what effect the interest rates and general inflation would have on the capital programme and new training centre. Ian Cummins stated that the Authority won't need to borrow until the middle of next year at the earliest, however the new Training and Development Academy business plan was based on interest rates of 4% which is the current Public Works Loan Board ('PWLB') rate. The PWLB rates will be monitored closely.. Cllr Makinson then queried if the government business energy price caps apply to the public sector. Ian Cummins confirmed that this does apply.

Cllr Hanratty followed this by stating that we need to ensure our budget is tight and must be monitored to protect the Service. He then questioned if there was an update on the letter the Chief sent out to the home office about the cost of living crisis.

Ian Cummins advised that there has been no indication that there would be any increase in costs in respect of the cost of living crisis or inflation costs.

Ian also stated that there is a lot of uncertainty around pay rewards in further years and provisional settlement. Nothing really moved in regard to funding provisional settlement out in early December

**RESOLVED** that

- a. The contents of the report be noted ;
- b. The proposed revenue and capital budget alignments be approved,
- c. The use of the £3m inflation reserve to cover 2022/23 pay awards above 2.5% MTFP assumption and higher energy costs be approved, and the Director of Finance and Procurement is instructed to continue to work with budget managers to maximise savings in 2022/23
- d. Instructed the Director of Finance and Procurement to continue to work with budget managers to maximise savings in 2022/23

Close

Date of next meeting Thursday, 9 February 2023

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<b>MERSEYSIDE FIRE AND RESCUE AUTHORITY</b>			
<b>MEETING OF THE:</b>	<b>AUDIT COMMITTEE</b>		
<b>DATE:</b>	<b>9 FEBRUARY 2023</b>	<b>REPORT NO:</b>	<b>CFO/60/22</b>
<b>PRESENTING OFFICER</b>	<b>GRANT THORNTON</b>		
<b>RESPONSIBLE OFFICER:</b>	<b>GEORGIA JONES (GRANT THORNTON)</b>	<b>REPORT AUTHOR:</b>	<b>GEORGIA JONES (GRANT THORNTON)</b>
<b>OFFICERS CONSULTED:</b>	<b>N/A</b>		
<b>TITLE OF REPORT:</b>	<b>2021/2022 AUDITOR'S (GRANT THORNTON) ANNUAL REPORT</b>		

<b>APPENDICES:</b>	<b>APPENDIX A: AUDITOR'S ANNUAL REPORT ON MFRA</b>
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### **Purpose of Report**

1. The report details the outcome of the Auditor's findings in relation to the 2021/22 Statement of Accounts and the Authority's arrangements to secure economy, efficiency and effectiveness (VFM) in its use of resources.

### **Recommendation**

2. It is recommended that Members note the contents of the Auditor's report.

### **Introduction and Background**

3. The Authority is required to prepare annually a set of financial statements, the Statement of Accounts, as required by the relevant codes and regulations. These statements must then be audited by an independent auditor, who will then issue an opinion on the statements. An unqualified opinion would mean the statements have been prepared in accordance with the codes and regulations and reflect a true and fair view of the financial position for that year.
4. In addition the Auditor is required to consider the Authority's arrangements to secure economy, efficiency and effectiveness (VFM) in its use of resources, and consider if there were any significant weaknesses in those arrangements.
5. The attached Auditor's Annual Report covers the above and confirms;
  - a) The audit of the financial statements has been completed and the draft unqualified opinion reported to Audit Committee on 27 September has not changed or any issues since that report have been identified, and

b) No significant weaknesses have been identified in the VFM arrangements.

6. The Auditor identified one area for improvement within the VFM criteria with regard to the monitoring of externally managed contracts in 2021/22, however officers had put in place measures to improve the arrangements during 2022/23.

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**Equality and Diversity Implications**

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7. Not applicable.

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**Staff Implications**

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8. Not applicable.

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**Legal Implications**

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9. Not applicable.

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**Financial Implications & Value for Money**

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10. Not applicable.

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**Risk Management, Health & Safety, and Environmental Implications**

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11. If the Auditor had qualified the accounts of identified significant VFM weaknesses, the Authority would be expected to resolve those issues and re-issue the Statement of Accounts and/or make the necessary changes to the current VFM processes.

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**Contribution to Our Vision:** *To be the best Fire & Rescue Service in the UK.*

Our Purpose: *Here to serve, Here to protect, Here to keep you safe.*

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12. The achievement of sound financial administration and VFM arrangements is essential if the Service is to achieve the Authority's mission.

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**BACKGROUND PAPERS**

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**GLOSSARY OF TERMS**

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# Auditor's Annual Report on Merseyside Fire and Rescue Authority

2021/22

November 2022





We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Executive summary






## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2021/22 is the second year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2020/21 Auditor Judgment		2021/22 Auditor Judgment	
Financial sustainability	No risks of significant weakness identified		No significant weaknesses in arrangements identified		No significant weaknesses in arrangements identified.
Governance	No risks of significant weakness identified		No significant weaknesses in arrangements identified, but three improvement recommendations made		No significant weaknesses in arrangements identified.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified		No significant weaknesses in arrangements identified		No significant weaknesses in arrangements identified but one improvement recommendation made

	No significant weaknesses in arrangements identified or improvement recommendation made.
	No significant weaknesses in arrangements identified, but improvement recommendations made.
	Significant weaknesses in arrangements identified and key recommendations made.

# Executive summary



## Financial sustainability

Merseyside Fire and Rescue Authority have effective arrangements in place to secure financial sustainability. The plans in place are deliverable and realistic and the Director of Finance and Procurement updates members on the issues which may impact them. Our work has not identified any significant weaknesses or improvement recommendations in the Authority's arrangements for planning and managing its resources to ensure it can continue to deliver its services. Our findings are set out in further detail on pages 7 to 9.



## Governance

We assessed the Authority's governance arrangements across a number of areas including leadership, risk management, financial reporting and management and informed decision making. We found no evidence of a significant weakness in the Authority's arrangements for ensuring they have made informed decisions and properly manage its risks. Nor have we identified any improvement recommendations. Our findings are set out in further details on pages 10 to 12.



## Improving economy, efficiency and effectiveness

The Authority have effective arrangements in place for improving economy, efficiency and effectiveness. We did not identify any risks of significant weaknesses in the Authority's arrangements in place for improving economy, efficiency and effectiveness, however we have identified one improvement recommendation for the Authority to implement. Our findings are set out in further details on pages 13 to 16.



We have completed our audit of your financial statements and issued an unqualified audit opinion on 28 November 2022, following the Audit Committee meeting on 27 September 2022. Our findings are set out in further detail on page 5.



# Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

## Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Authority's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

We have completed our audit of your financial statements and issued an unqualified audit opinion on 28 November 2022, following the Audit Committee meeting on 27 September 2022. Our findings are set out in further detail on page 18

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We have not had to issue any statutory recommendations.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We have not had to issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We have not had to make any applications to court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We have not had to issue an advisory notice.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We have not had to apply for a judicial review.

# Securing economy, efficiency and effectiveness in the Authority's use of resources

All Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Authority's responsibilities are set out in Appendix A.

Authority's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial Sustainability

Arrangements for ensuring the Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Authority makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the Authority's arrangements in each of these three areas, is set out on pages 7 to 16. Further detail on how we approached our work is included in Appendix B.





# Financial sustainability



## We considered how the Authority:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## Overview of the Arrangements to ensure financial sustainability

Merseyside Fire & Authority has a good history of delivering a balanced budget without using reserves. In 2021/22 they achieved an underspend of £2.2 million, using reasonable assumptions and a strategy of maximising savings in the year.

The Authority's approach to financial planning demonstrates a clear understanding of the costs of delivering the statutory services, whilst incorporating reserves into the financial plans to meet the costs of future projects and initiatives. The Authority has a good track record of spending within budget. The table below shows the Authority continuously achieving an underspend since 2018/19's breakeven position:

	2018/19	2019/20	2020/21	2021/22
<b>Base Budget</b>	59,701	60,282	61,961	59,250
<b>Actual</b>	59,701	58,131	60,339	57,047
<b>Surplus/(Deficit)</b>	0	2,151	1,622	2,203

(Source: Outturn Reports)

## Financial Pressures and building into plans

The Medium Term Financial Strategy (MTFP) is embedded within the annual budget setting cycle to provide a longer term view of priorities and demand for services. This is refreshed each year and presented alongside the annual budget for the forthcoming year. In doing so it demonstrates that financial risks are considered each year in both the short and medium term.

The financial plans are based on outcomes of the Comprehensive Spending Review and Government Settlements. As for all fire authorities, annual settlements and the lack of longer term assurances over funding make financial planning more short-term in its focus. Indications from Central Government are that the future may bring a longer term funding settlement, this will help bring further clarity around these planning assumptions.

The Authority continues to work closely with Billing Authorities to understand assumptions around the Council Tax base. As well as the likely surplus or deficit on the Collection Funds. As this will impact the income they receive.

The current capital programme reflects the priorities of the Authority. This includes the standard items of, annual replacement schemes of vehicles, equipment and ICT over the years. As well as this the Authority have a significant project over the next year to combine the stations at Aintree and Croxeth and create a combined station along with a new Training and Development Academy (TDA).

# Financial sustainability

Capital spend is primarily funded from capital reserves or revenue contributions to capital, with some borrowing. The Authority sets and reviews a number of prudential indicators showing the proposed capital expenditure plans, how they are to be funded, the impact on the organisation's finances and their affordability in terms of the impact on revenue budgets.

For 2022/23 the Authority's capital programme will require additional borrowing. This is in line with the commitment to create a TDA and multi pump superstation. This is one of the Authority's priorities in the IRMP and has been programmed in to the MTFS. The increased revenue costs have also been included in to the budget.

In addition to the capital programme, the Authority incorporates workforce planning into its forecasts. The workforce planning group considers forecast staffing needs, in particular firefighters. In previous years the Authority's plan was to reduce firefighter to around 600, through natural retirements. This has been achieved and is reviewed on a regular basis. The Authority is also keen to retain the experienced staff they have in all grades and have job evaluation reserve in place.

The Authority also generates income from other resources for example through shared accommodation or training. However, the Authority does not place any reliance on this.

## Key Financial assumptions

The main financial assumptions in the MTFP relate to a 2% general price inflation and a pay freeze in 2021/22 and thereafter 2.5%. However firefighters received a 1.5% increase and other staff received 1.75% pay award in 2021/22. The Authority used reserves to fund this increase in cost for the current year and included these costs in the future years. The remaining assumptions were appropriate and the Authority shows an underspend.

The Authority have made an assumption of a 2.5% pay award in 2022/23 and future years. Members were informed at the finance reviews at the Policy and Resources Committees, that this may be a greater increase in earlier years but will settle in future years. To fund any short term increases the Authority have reserves in place.

As part of the measures to assist the country's economic recovery post Covid-19, there was a freeze in business rates for 2022/23. This had a significant impact on the 2022/23 Settlement Funding Assessment, the increase being 1.1% on the previous year. If this freeze had not been in place, the Authority would have received an increase of 3.1%. To aid with this the Authority were awarded a one off Service Grant of £1.388 million. The grant provides funding to all tiers of local government in recognition of the vital services delivered at every level. This grant will help to fund the increase in employer National Insurance Contributions from April 2022 (this increase was reversed in November 2022).



# Financial sustainability

## Funding gaps and use of reserves

The Authority have maintained a system of solid financial planning in the year which means that any budget gaps have been met without using reserves and using non-recurrent savings. This process also mitigates the risk of unexpected new requirements impacting on the Authority’s financial resilience.

In 2021/22 the Authority had budgeted to use £4 million from reserves but the final budget was to increase reserves by £2.2 million. This is the amount of savings they achieved.

Cashflow is closely monitored and reviewed on a daily basis. Liquidity is not a major risk for the Authority as it holds a reasonable amount of cash and cash equivalents and at 31 March 2022 had a balance £33 million in readily convertible short term investments.

The medium term financial plan shows the Authority has forecast balanced budgets for two years including 2023/24. Some potential challenges arise in the following three years when the funding gap is forecasted at £2.652 million over the period. The Authority maintains £3 million of general fund reserves which would be sufficient to meet the forecast funding gap if needed. However this would not be sustainable in the longer term and would bring the general fund reserve to below 5% of revenue budget threshold.

The graph shows that the Authority had some planned use of reserves in their financial plans to fund some one off costs where funding had been received in a prior year. The Authority has been able to make contributions to reserves over the last two years as a result of one off savings. Contributions have been made to reserves to help fund new challenges as they arise in future years. This will include pressures like the increase in inflation as well as new projects for example the Training and Development Academy.

## Managing financial resilience

The General Fund Reserve is to cover uncertainties in future years’ budgets. In line with the Fire and Rescue National Framework recommendations the Authority feels that an appropriate and prudent level of general reserves is at 5% of net budget. The actual General Fund reserve balance at 31 March 2022 remained at £3m, which equates to 4.96% (rounded to 5%) of the closing net expenditure on cost of service as at 31 March 2022.

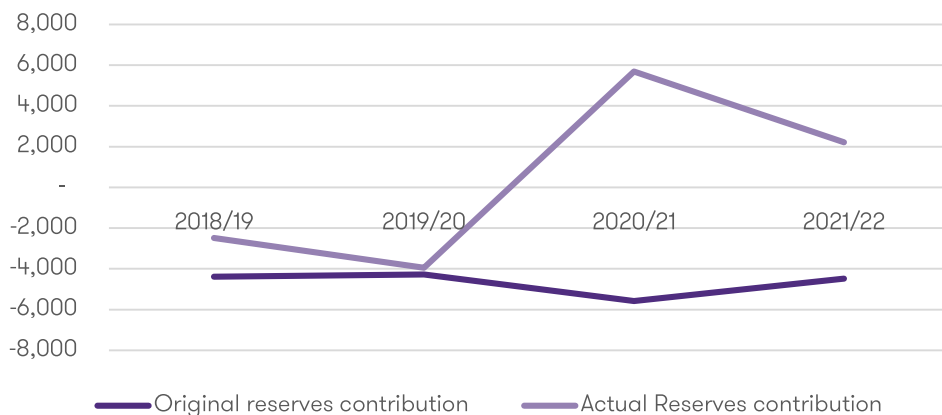
The Authority continues to use scenario and sensitivity analysis within the budget and MTFP. The Authority are aware of the increase in utilities which will impact on the current and future years’ budgets (we explore this further in the Improving Economy, Efficiency and Effectiveness section). To prepare for this the Authority have increased the inflation reserves which is planned to meet the increase in utility costs and potential pay costs.

## Summary of findings

Overall, we found no evidence of any significant weaknesses in the Authority’s arrangements for ensuring the Authority can continue to deliver financially sustainable services. The Authority are able to plan and manage resources effectively.

Page 19

Reserves contribution



# Governance



## We considered how the Authority:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

## Budget setting and monitoring

The Authority has an appropriate annual budget setting process in place. Set days have been allocated for key stakeholders to get together and assess the budget assumptions for the coming financial year as well as to consider the medium-term future. This has resulted in timely approvals prior to the start of the financial year, regular budget reviews and members being kept informed of key facts. Service activity against plan is presented and integrated into the budget and then into monthly performance reports to allow review and challenge. Quarterly financial reporting on the budget versus outturn position is presented to senior management and the Audit Committee. The budget plan is supported with comprehensive medium term financial plans, with budget setting principles informed by the medium-term strategy and engagement with external stakeholders.

The Authority also has a service delivery plan and reports performance on this report to members on a quarterly basis. This report also includes details of performance indicators for the period. A recommendation raised in the 2020/21 Auditor's Annual Report, was to have more integrated reporting completed and presented to members. Although the reports are not integrated, the year end reports are presented to the same Policy and Resource Committee. Therefore members are able to view and compare the details in both reports together.

## Finance team capacity

The finance team is led by a qualified and experienced Chief Finance Officer and includes an appropriately staffed finance team, with the professional skills and qualifications. Although the finance team is relatively small it is stable and we have not identified a lack of capacity at this time. The Authority does need to have sufficient succession planning in place to ensure continued stability in the future.

Budget monitoring is completed on a regular basis and the annual accounts are completed to a good standard. There is no evidence of serious or pervasive weaknesses in the Authority's processes for preparing its financial statements. This is detailed further in the 'Opinion on the financial statements' section of this report. Unmodified audit opinions have been issued on the 2021/22 and previous financial statements.

# Governance

## Risk management

An overall Risk Management Policy is in place at the Authority and identifies the golden thread linking activity and risk management. The ultimate responsibility lies with the Chief Finance Officer and Strategic Leadership Team. It is their responsibility to ensure risk management is implemented throughout the Authority.

This policy aims to identify, evaluate and manage the threats which will impact on MRFA's Mission, Aims and Values, by embedding risk awareness across all levels in the organisation. The Corporate Risk Register aligns each risk to a specific aim.

The Senior Leadership Team review the risk register on a regular basis and risks are reported to the Authority on a bi-annual basis by the Chief Fire Officer. Members have the opportunity at the Authority and Committee meetings to consider the risks, potential impact and associated control measures.

The Corporate Risk Register underpins the Authority's corporate planning process and aims to strengthen its Integrated Risk Management Plan (IRMP). Whilst the IRMP summarises how, through planning, the Authority considers fire and rescue related dangers that could affect its communities and how it aims to tackle them, the risk register provides detail on these risks to give context to its corporate planning process.

Overall, the arrangements in place to assess and monitor risk are appropriate.

## Leadership and committee effectiveness

The Authority has appropriate leadership in place. A committee structure is applied to ensure effective decision making and good governance is in place. There is a full Authority meeting and also the, Community Safety and Protection and Policy and Resources Committees. As well as these meetings the Authority has regular meeting for the Audit and Scrutiny Committees. The Authority has other committee set up which are only used if required for examples the Appointments and Urgency Committees.

The committees are all governed by the Constitution. This is reviewed and updated on an annually basis and available openly on the website. The Annual Governance Statement also sets out how the Authority operates, how decisions are made and the policies which are followed to ensure these are efficient, transparent and accountable.

Senior officers attend the Authority meetings and Committees to present reports and are open to questions during committee meetings. The Authority is made up of 18 councillors from Knowsley, Liverpool, Sefton, St Helens and Wirral Councils based on the political balance requirements of the Local Government and Housing Act 1989.

Through our attendance at Audit Committee meetings, we have identified that officers provide a thorough pre-attendance of the reports to members. Members have been asked for any training needs but have not expressed an interest. Members are all Merseyside Council Councillors therefore training will be offered from these bodies. Working lunches do take place to go through any key topics, for 2022/23 six have been planned to cover a range of topics from apprentices to business continuity.

# Governance

## Policies, procedures and controls

There are various policies and procedures in place which monitor and ensure compliance with legislation and regulatory standards. The website has a section with a list of policies, which include all key policies that we would expect to see, including a Constitution. These are available online to the public.

In respect to the prevention and detection of fraud, the Authority has an Anti-Fraud Policy, Whistleblowing Policy, as well as a Code of Conduct for Authority Members. The Authority has adopted the Code of Conduct adapted from the LGA Model 2020 which been adopted by all Authorities across the Liverpool City Region. This is based on the Seven Principles of Public Life (Nolan Principles).

The Authority has a gifts and hospitality policy whereby Members or Officers receiving gifts greater than £50 in value must register these with the Monitoring Officer. There is a standing item in all Authority and committee meetings to disclose pecuniary and non-pecuniary interests relating to matters on the agenda. These are recorded on the Register of Interests, along with any other interests, including directorships, that have already been declared as required by the Code of Conduct. These registers have been reviewed as part of the financial statements audit and no concerns have been identified.

Internal audit is provided by Liverpool City Council. For 2021/22 the services completed the audit on the financial systems audit. This was sufficient work for internal audit to be able to provide their Head of Internal Opinion. This concluded that there was overall substantial assurance, i.e. that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

A number of reviews remain in progress and these relate to: treasury management and other strategic directed audits.

In the prior year it was noted that Internal Audit do not always attend the audit committee meetings. This has been implemented in the current year and a member of the internal audit team does attend.

## Treasury Management

The Authority has a Treasury Management Policy Statement, Annual Investment Strategy, and Minimum Revenue Provision (MRP) policy which is refreshed each year alongside the budget in February. An update Treasury Management report is provided mid year to the Authority meeting. This includes an update on the progress of the capital position, update on prudential indicators and confirmation the actual execution of treasury management is in line with the Strategy.

An Annual Treasury Management report is also taken to the meetings. This shows the progress with prudential and treasury indicators as well as progress on actual treasury operations compared to the estimates.

## Summary of findings

Overall, we found no evidence of any significant weaknesses in the Authority's arrangements for ensuring that it makes informed decisions and properly manages its risks.



# Improving economy, efficiency and effectiveness



## We considered how the Authority:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

## Identifying areas for improvement

Performance of the Fire Service is monitored by the Authority through quarterly Service Delivery Plan updates. These are presented on an alternative basis to the Policy and Resources and Community Safety and Protection Committees, and subsequently to the Authority meetings.

The performance reports include performance against the key performance indicators (KPIs) which are set by the Authority. These are reviewed annually to ensure they are still relevant to the Authority.

The Authority's non financial performance for 2021/22 against the KPIs is reported in the Annual Statement of Accounts. These KPIs are aligned with the Authority's IRMP linking performance to strategy. A brief detail is shown for the outliers.

Other sources of performance data come from the 2021/22 HMICFRS report which looked at Effectiveness, Efficiency and People. This report also compares progress from the last inspection in 2018/19.

The report recognised the progress made by the Authority since the last inspection. Especially in the working culture established. In particular the report recognised the significant work on creating an open process to identify, develop and support high potential staff and aspiring leaders. The Authority have also moved up to Outstanding in the Efficiency area, from the good rating it received in 2018/19.

The previous inspection highlighted 6 areas for improvement (AFIs). The report recognises that the Authority have made good progress on these and are all moving forward. 2 further areas for improvement have been identified.

A number of innovative practices have been highlighted on the report and in particular the work being completed to respond to major and multi agency incidents. In particular the Authority has introduced a Sunday Six training programme. This addresses 6 local and national risks and provides training on them for each team.

# Improving economy, efficiency and effectiveness

## Working with others

The Authority is part of the Blue Light Collaboration (BLC) which works with other emergency services across Merseyside. This includes significant collaboration with Merseyside Police with whom they share the Joint Control Head Quarters in Bootle with. North West Ambulance Services are also located at a number of Authority sites. This close working together enables joint training exercises and operational planning meetings to take place.

The Authority also collaborates with other emergency services, local authorities and other public bodies when it is advantageous to do so, for example working closely with local authorities' youth and social services.

The Authority produced a new draft Integrated Risk Management Plan (IRMP) for 2021-24. As part of this the Authority consulted various key partners. These included:

- The opinion research services, who were commissioned by the Authority to provide Community feedback. This was completed across the 5 Merseyside Authority's and included a diverse group for age, gender and disability.
- An online questionnaire was available of the Authority's website for residents to complete and the results of this was analysed.
- Meeting were held with the various trade unions.
- As well as this the Authority also contacted its partners which included, other Fire Authorities, Clinical Commissioning Group, Local Authority's in Merseyside, Police and Ambulance services.
- Feedback from all these meetings was used to guide the final plan.





# Improving economy, efficiency and effectiveness

## Procurement

The Authority contracts a number of services from Liverpool City Council (LCC). One of these services was the procurement of utilities on the Authority's behalf. We understand in 21/22 there was no specific contract in place with Liverpool City Council relating to this but the Authority were included as part of the framework. LCC had a contract in place with the energy company for electricity running from the 1/6/18 to 31/5/22 at a fixed price, with a right to extend to the 31/5/23. LCC intended to take up the extension (including on behalf of the Authority) however the energy company advised LCC in early March 2022 that they would no longer be providing this service. The timeframe meant that a fixed contract could not be arranged before the previous contract ended and instead a variable rate arrangement was put into place.

We feel there was scope for Merseyside Fire to have more oversight and control in relation to this contract. Although the Authority was to some extent reliant on the arrangement in place with the Council, our view is that there should also have been procedures in place to monitor this more closely. We also understand there have been unprecedented conditions which contributed to the situation.

The Authority have acted as a result of the issues and engaged Internal Audit to complete a review. This contract is now included this on the contracts register to ensure more awareness and oversight of the status of the contract. The Authority should also regularly review the rates offered to ensure they are still being offered the best rate.

We understand the Authority has also reviewed other contracts and recorded all contracts managed by third parties on its contract register. This should help ensure any similar arrangements are identified and recorded and processes commence well in advance of contract end dates.

An improvement recommendation has been raised in relation to this.

The Authority has a procurement strategy to cover the period from 2020 to 2023. This strategy sets a clear framework in regards to compliant procurement throughout the Authority. As well as outlining the procurement principles which need to be followed. The Authority also leads on the Fire & Rescue North West Group that consider a collaborate approach to the procurement of operational goods and services.

## Summary of findings

Overall, we found no evidence of any significant weaknesses in the Authority's arrangements for improving the way the Authority delivers its services.



# Improvement recommendations



Improving economy, efficiency and effectiveness

## Recommendation 1

Ensure any and all contracts managed by third parties have been identified and recorded as such.  
Regularly monitor all contracts third parties manage to ensure they are still effective and represent value for money to the Authority.

## Why/impact

Where contracts are managed by external parties, it is important that these are monitored closely by the Authority and the Authority does not solely rely on the third party to manage arrangements. Where these arrangements fail it can have a detrimental effect to the Authority as was the case with the utilities contract.

## Auditor judgement

All contracts (whether managed by third parties or the Authority) should be reviewed regularly to ensure they represent value for money and that arrangements remain fit for purpose.

## Summary findings

The utilities contract is managed by Liverpool City Council, however due a number of circumstances, including the contract not being renewed sufficiently in advance of the end date, only a less advantageous rate was available when the contract was renewed. This resulted in additional costs to the Authority in 2022/23.

## Management Comments

The Authority has already reviewed such contracts and added them to the Contracts Register to ensure MFRA officers are involved in any future procurement arrangements and that a new contract is in place before existing contracts end. To evidence the new arrangement a copy of report CFO/040/022 approved by Members on 1st September, ratified the contract for the supply of Electricity and Gas up to 31st March 2025, has been shared with Grant Thornton.



The range of recommendations that external auditors can make is explained in Appendix C.

# Follow-up of previous recommendations

	<b>Recommendation</b>	<b>Type of recommendation</b>	<b>Date raised</b>	<b>Progress to date</b>	<b>Addressed?</b>	<b>Further action?</b>
1	The Audit Committee members would benefit from member training to enhance the effectiveness of their audit and assurance challenge.	Improvement	December 2021	The Audit Committee were asked if they would like any training. They have not requested any to date.	Yes	No
2	The Fire Authority should consider requesting that Internal Audit attending Audit Committee meetings in order to provide clarity and context to reports and where required to provide responses directly to Members. This will ensure Audit Committee members have a greater understanding of the assurance process.	Improvement	December 2021	Internal Audit do attend the meetings	Yes	No
3	We recommend that Merseyside Fire look at integrating financial performance reporting with service delivery performance reporting.	Improvement	December 2021	Although the reports are not integrated both reports are presented together for the outturn position.	Yes	No

# Opinion on the financial statements



## Audit opinion on the financial statements

We gave an unqualified opinion or we qualified the opinion on the Authority's financial statements on 28 November 2022.

## Audit Findings Report

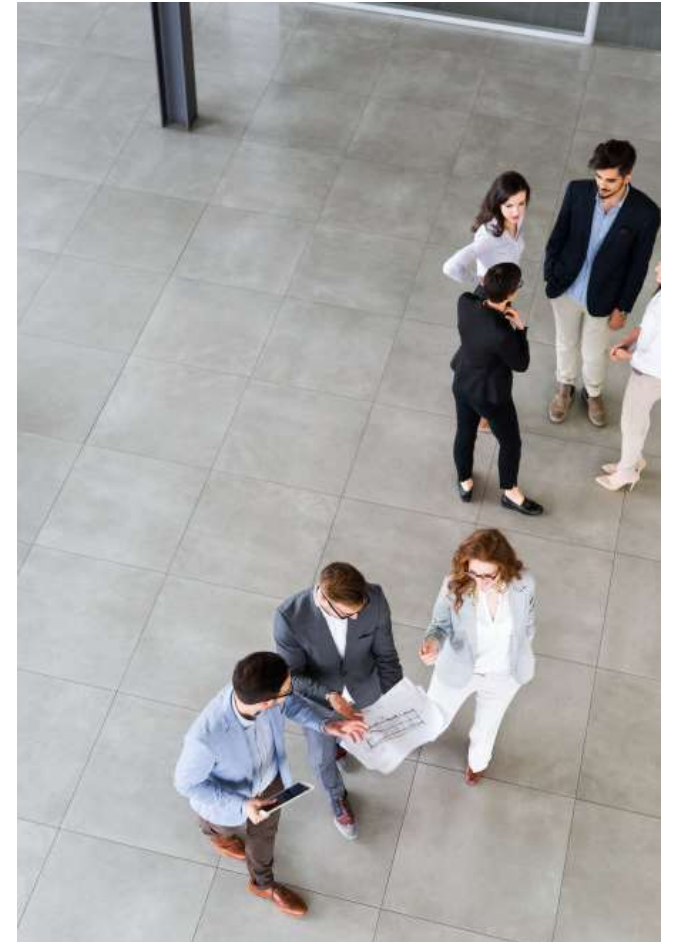
More detailed findings can be found in our AFR, which was published and reported to the Authority's Audit Committee on 27<sup>th</sup> September 2022.

## Preparation of the accounts

The Authority provided draft accounts in line with the national deadline and provided a good set of working papers to support it.

## Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation



# Appendices

# Appendix A – Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

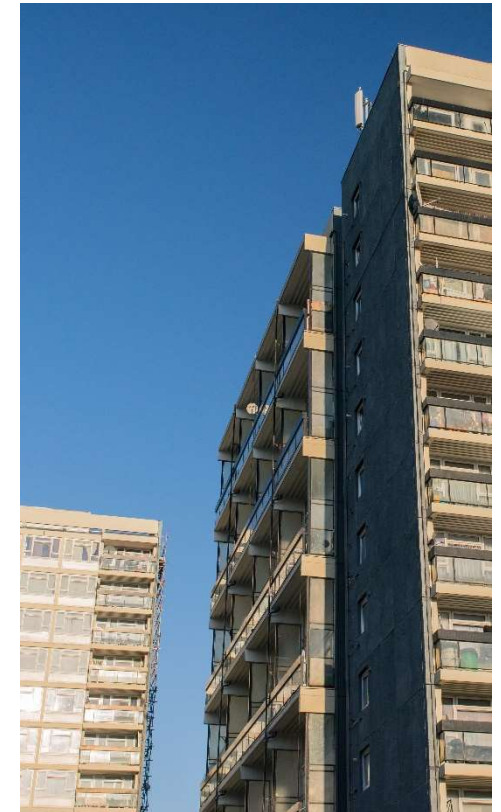
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B – An explanatory note on recommendations

A range of different recommendations can be raised by the Authority’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	-
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	No	-
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council’s arrangements.	Yes	16





<b>MERSEYSIDE FIRE AND RESCUE AUTHORITY</b>			
<b>MEETING OF THE:</b>	<b>AUDIT COMMITTEE</b>		
<b>DATE:</b>	<b>9 FEBRUARY 2023</b>	<b>REPORT NO:</b>	<b>CFO/61/22</b>
<b>PRESENTING OFFICER</b>	<b>GRANT THORNTON</b>		
<b>RESPONSIBLE OFFICER:</b>	<b>GEORGIA JONES (GRANT THORNTON)</b>	<b>REPORT AUTHOR:</b>	<b>GEORGIA JONES (GRANT THORNTON)</b>
<b>OFFICERS CONSULTED:</b>	<b>N/A</b>		
<b>TITLE OF REPORT:</b>	<b>GRANT THORNTON (AUDIT) PROGRESS REPORT AND SECTOR UPDATE</b>		

<b>APPENDICES:</b>	<b>APPENDIX A: AUDITOR PROGRESS REPORT AND SECTOR UPDATE</b>
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### **Purpose of Report**

1. The report details the progress of the Authority's Auditor, Grant Thornton, on delivering their responsibilities to the Authority in relation to 2021/22 and 2022/23 financial statements and value for money requirements.

### **Recommendation**

2. It is recommended that Members note the contents of the Auditor's report.

### **Introduction and Background**

3. The Authority is required to prepare annually a set of financial statements, the Statement of Accounts, as required by the relevant codes and regulations. These statements must then be audited by an independent auditor, who will then issue an opinion on the statements.
4. The 2022/23 Statement of Accounts must be completed by the Finance Department by the end of May 2023, and the Auditor must then complete their audit work and issue an audit findings report, so that the audited Statement of Accounts can be authorised for publication by 30 September 2023.
5. The Auditor must also consider the Authority's arrangements to secure economy, efficiency and effectiveness (VFM) in its use of resources, and consider if there were any significant weaknesses in those arrangements. Although the Code of Audit Practice requires the VFM work to be completed by 30 September 2023, if this is not possible the Auditor must issue an audit letter setting out the reasons for the delay.
6. The attached Auditor's Progress Report covers the above and confirms;

- a) The audit of the 2022/23 financial statements is expected to be completed by required deadline, September 2023, but
- b) The 2022/23 VFM work will not be completed until December 2023.

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**Equality and Diversity Implications**

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7. Not applicable.

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**Staff Implications**

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8. Not applicable.

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**Legal Implications**

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9. Not applicable.

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**Financial Implications & Value for Money**

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10. Not applicable.

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**Risk Management, Health & Safety, and Environmental Implications**

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11. If the Auditor qualifies the accounts or identifies significant VFM weaknesses, the Authority would be expected to resolve those issues and re-issue the Statement of Accounts and/or make the necessary changes to the current VFM processes.

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**Contribution to Our Vision: *To be the best Fire & Rescue Service in the UK.***

Our Purpose: *Here to serve, Here to protect, Here to keep you safe.*

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12. The achievement of sound financial administration and VFM arrangements is essential if the Service is to achieve the Authority's mission.

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**BACKGROUND PAPERS**

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**GLOSSARY OF TERMS**

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# Merseyside Fire and Rescue Authority Audit Progress Report and Sector Update

Year ending 31 March 2022

January 2023



# Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

## Your key Grant Thornton team members are:

### Georgia Jones

Key Audit Partner

E Georgia.S.Jones@uk.gt.com

### Sophia Iqbal

Manager

E Sophia.S.Iqbal@uk.gt.com

### Ying Li

Assistant Manager

E Ying.Li@uk.gt.com

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at January 2023

## Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in March 2022. In June we issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2021/22 financial statements.

We received your draft financial statements in June 2022 and completed our work on these statements in July to September 2022. We issued our Audit Findings Report in September 2022 and were able to finalise all our work and issue our audit report in November 2022 to meet the statutory deadline.

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously stated their intention to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts. This is enacted by The Accounts and Audit (Amendment) Regulations 2022 (SI 2022 No. 708) that came into force on 22 July 2022. The deadline for publishing audited local authority accounts for 2021/22 is extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28.

Our initial planning for the 2022/23 audit will begin in February 2023 with interim work undertaken in April 2023 and the audit of the financial statements during July to September 2023.

## Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. Our Auditor’s Annual Report for 2021/22 has been included in the agenda for this Audit Committee.

We will begin our initial work for the 2022/23 financial year in April 2023.

# Progress at January 2023 (cont.)

## Other areas

### Meetings

We meet with Finance Officers on a regular basis and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Chief Fire Officer in September to discuss the Authority's strategic priorities and plans.

### Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Accounts Workshop in January and February 2022, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

Your officers have also been invited to the Accounts Workshops for 2022/23, which will be held in February 2023.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

## Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2021/22 is the fourth year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

# Audit Deliverables

## 2021/22 Deliverables

### Audit Plan

We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report

**Planned Date**

June 2022

**Status**

Completed

### Audit Findings Report

The Audit Findings Report was reported to the September Audit Committee.

September 2022

Completed

### Auditors Report

This includes the opinion on your financial statements.

November 2022

Completed

### Auditor's Annual Report

This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.

January 2023

Completed

## 2022/23 Deliverables

### Audit Plan

We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report

**Planned Date**

May 2023

**Status**

Not due yet

### Audit Findings Report

The Audit Findings Report was reported to the September Audit Committee.

September 2023

Not due yet

### Auditors Report

This includes the opinion on your financial statements.

September 2023

Not due yet

### Auditor's Annual Report

This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.

December 2023

Not due yet



# Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A dark purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local  
government

# Audit Market Developments

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## Financial Reporting Council Report On The Quality Of Local Audit

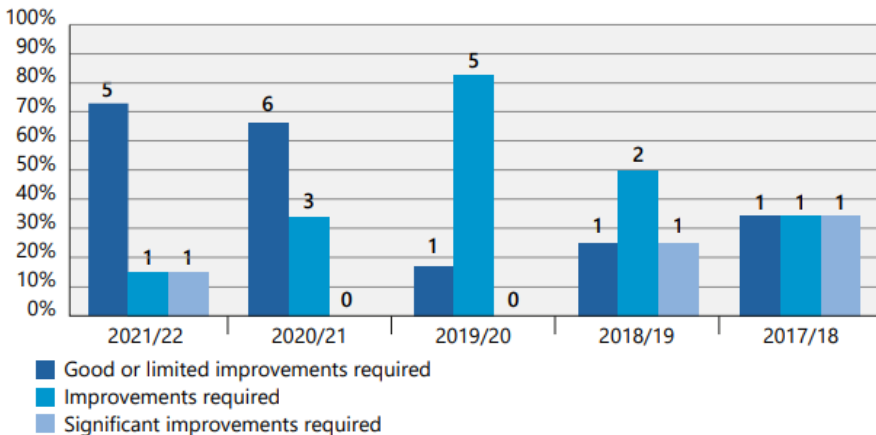
In late October 2022 the Financial Reporting Council (FRC) published its inspection findings into the quality of major local body audits in England, which includes large health and local government bodies.

The Quality Assurance Department (QAD) of the Institute of Chartered Accountants in England and Wales (ICAEW) inspects a sample of local audits that do not meet the definition of a ‘major’ local audit and the FRC’s report also includes a summary of their findings.

The FRC reported that 71% of Grant Thornton audits inspected (7 in total) were assessed as either good or limited improvements required.

This is a pleasing result and reflects on our significant investment in audit quality over recent years. The positive direction of travel over the past five years is illustrated below:

**Our assessment of the quality of financial statement audits reviewed**



The FRC also inspected our work on VfM arrangements at four bodies.

It is pleasing to note that all of these inspections were assessed as requiring no more than limited improvements (which is the same as the previous year).

As far as the ICAEW are concerned, overall, the audit work reviewed was found to be of a good standard.

Seven of the eight files reviewed (88%) were either ‘good’ or ‘generally acceptable’, but one file ‘required improvement’.

The ICAEW identified one of our files as requiring ‘Improvement’ – but it should be noted that this was a 2019-20 file and therefore the learnings from prior years’ review could not have been taken into account, an issue recognised by the ICAEW in their report to us.

The ICAEW found that our VfM work was good on each of the files reviewed, and they did not identify any issues with this aspect of the audit teams’ work.

Whilst are pleased with our continuing improvement journey, we continue to invest in audit quality to ensure that the required standards are met.

The full report can be found [here](#).



Financial Reporting Council



# Audit Market Developments (continued)

## Local Government External Audit Procurement

Public Sector Audit Appointments Ltd (PSAA) has recently announced the outcome of its national procurement of audit services across the Local Government sector.

This exercise covers the audits from 2023/24 to 2027/28 and covers the 470 local government, police and fire bodies (99% of eligible local bodies) that opted into the national scheme.

We are delighted to have been reappointed as the largest supplier of local government audit. The public sector has played a significant role within the firm for over 30 years and we remain committed to the success of the sector.

Our UK Public Sector Assurance (PSA) team employs 440 people, including 29 Key Audit Partners and specialists in financial reporting, audit quality, and value for money.

The team is dedicated to public audit work in local government and the NHS, with contracts with PSAA, Audit Scotland and over 100 health bodies. The Public Sector Assurance team is a regular commentator on issues facing the sector and oversees the firm's thought leadership, such as its series of publications on grants and public interest reports.

Mark Stocks, lead Partner for PSA at Grant Thornton, said 'This is a very welcome outcome and reflects our previous delivery as well as our ongoing commitment to invest in the public sector.'

Further information can be found [here](#)



# Grant Thornton – Nearly 60 councils at risk of ‘running out of money’ next year

Grant Thornton has warned that the soaring cost of living combined with a decade of austerity could see up to a sixth of English councils fully deplete their reserves in 2023-24 without substantial spending cuts.

Research found that, as a result of higher inflation, councils are expected to have a cumulative budget deficit of £7.3bn by 2025-26 – an increase of £4.6bn since forecasts made at the beginning of this year.

Grant Thornton said that although reserves were bolstered by more than £5bn in 2020-21 due to higher government funding, these balances will “continue to unwind through the long tail of Covid-19” with close to 60 councils forecast to use all earmarked and unallocated reserves next year.

Without additional income, authorities would need to make savings of over £125 per person by 2025-26, equal to the average yearly spend on homelessness, sports and leisure, parks and open spaces, libraries and waste services.

Phillip Woolley, Head of Public Services Consulting at Grant Thornton, said: “Local government has faced unprecedented demands and pressures over the last decade and without action from both central government and councils, in the face of these inflationary pressures, the list of authorities in need of exceptional support looks set to grow quickly.

“Our research shows the additional Covid-19 funding, while critical to support immediate challenges, has not addressed underlying systemic issues or the precariousness of councils’ financial sustainability in the face of economic instability.

“Local authorities are also now facing the risk of interest rate rises, increasing debt financing costs and the real risk of reduced funding from central government, in response to the current economic turmoil facing the country. Without committed intervention from all sides, there is a risk that the sector levels down instead of up.”

Grant Thornton estimated unitary authorities would have the largest budget gap (£1.8bn) by 2025-26, but district councils would have the largest gap compared to net spending at 10.2%.

The firm added that austerity and changing policy demands have left councils struggling to innovate in their services and prevented investment in finance and procurement, diminishing the sector’s ability to tackle medium-term challenges.

Grant Thornton said additional government funding alone will not lead to improvements, and that councils should focus on improving governance and developing financial stability plans.

Joanne Pitt, local government policy manager at CIPFA, said: “With no spending review and no fair funding review, CIPFA shares Grant Thornton’s concerns about the financial sustainability of some in the sector.

“While there are actions local authorities can take to strengthen their own financial resilience, they are facing significant inflationary pressures and rising demand which makes this hugely challenging for the sector.”



# Response to local audit consultation – Department for Levelling Up, Housing and Communities (“DLUHC”)

The Department for Levelling Up, Housing and Communities (“DLUHC”) has published its response to the local audit consultation. This follows the “Redmond Review”, which reported in September 2020.

The response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

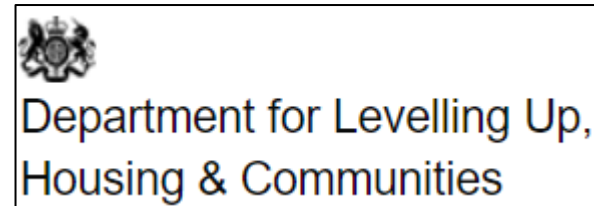
Ahead of ARGA’s establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022.

The consultation response also announces:

- Plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.
- ARGA will take over statutory responsibility for preparing and issuing the Code of Audit Practice (from the National Audit Office).
- A post-implementation review of the new Value for Money arrangements. The Code is a key part of the local audit system, and it is important to ensure that it helps to facilitate effective local audit. To allow time for the new arrangements to bed in the response proposes this is completed within three years.

The full response can be found here:

[Government response to local audit framework: technical consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-local-audit-framework-technical-consultation)



# The Value of Internal Audit – CIPFA

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, [Internal Audit: Untapped Potential](#), lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

## Culture and governance

The Audit Committee should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

## Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' and not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to be valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

## Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

## Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

For more information, [Rob Whiteman](#) share his views on this report.



# Audit Committees: Practical Guidance For Local Authorities And Police – CIPFA

In October CIPFA published this guide, stating “This fully revised and updated edition takes into account recent legislative changes and professional developments and supports the 2022 CIPFA Position Statement. It includes additional guidance and resources to support audit committee members, and those working with and supporting the committee’s development.”

CIPFA go on to state “Audit committees are a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. They play an important role in supporting leadership teams, elected representatives, police and crime commissioners and chief constables.

This edition updates CIPFA’s 2018 publication to complement the 2022 edition of the CIPFA Position Statement on audit committees.

The suite of publications has separate guidance resources for audit committee members in authorities, members of police audit committees, and a supplement for those responsible for guiding the committee.

New aspects include legislation changes in Wales and new expectations in England following the Redmond Review. All authorities and police bodies are encouraged to use the publication to review and develop their arrangements in accordance with the Position Statement.

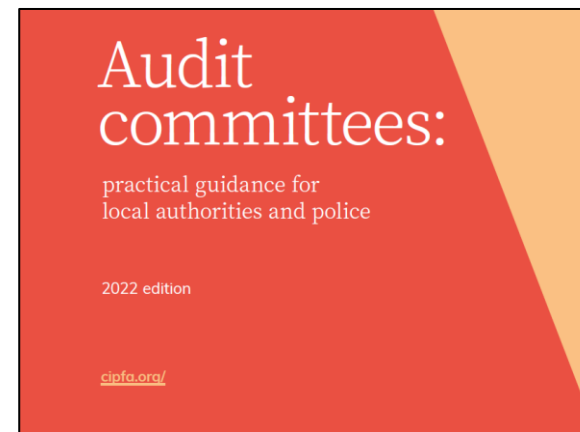
The appendices include suggested terms of reference, a knowledge and skills framework and effectiveness improvement tools.”

The guide covers a number of key areas for Audit Committees, including:

- Purpose
- Core functions:
  - Governance, Risk and Control
  - Accountability and Public Reporting
  - Assurance and Audit arrangements
  - Ensuring focus
- Independence and accountability
- Membership and effectiveness

The guide can be purchased via the CIPFA website:

[Audit Committee Guidance: 2022 update | CIPFA](#)



# Audit and Risk Assurance Committee effectiveness tool – NAO

The National Audit Office (NAO) has published this tool which supports Audit Committees in assessing their effectiveness.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm’s-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

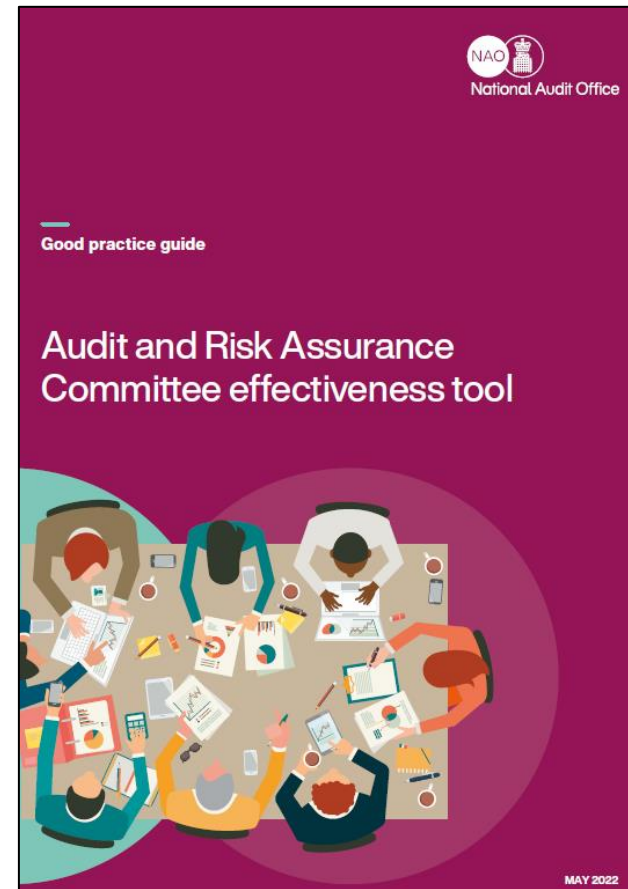
Against this background, the NAO’s effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The NAO’s effectiveness tool is a comprehensive way for ARACs to assess their effectiveness on a regular basis.”

The tool covers:

- Membership, independence, objectivity and understanding
- Skills and experience
- Roles and responsibilities
- Scope
- Communication and reporting

Although the tool is designed for central government Audit Committees it is also relevant to local government.



The guide can be found here:

[Audit and Risk Assurance Committee effectiveness tool - National Audit Office \(NAO\) Report](#)



# Guide for audit and risk committees on financial reporting and management during COVID-19 – NAO

The National Audit Office (NAO) has published this guide which aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak

The NAO comment “Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.”

The guide includes sections on:

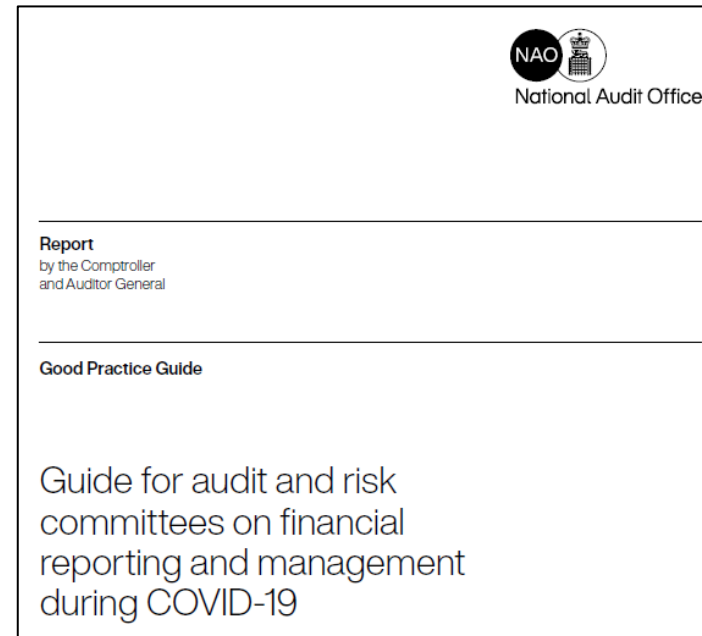
- Annual reports
- Financial reporting
- The control environment
- Regularity of expenditure

The guide can be found here:

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>

The guide includes a number of key questions covering areas such as:

- Property valuations
- Pension scheme valuations
- Completeness of liabilities
- Events after the reporting period
- Control environment
- Fraud and error





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<b>MERSEYSIDE FIRE AND RESCUE AUTHORITY</b>			
<b>MEETING OF THE:</b>	<b>AUDIT COMMITTEE</b>		
<b>DATE:</b>	<b>9 FEBRUARY 2023</b>	<b>REPORT NO:</b>	<b>CFO/58/22</b>
<b>PRESENTING OFFICER</b>	<b>IAN CUMMINS DIRECTOR OF FINANCE AND PROCUREMENT</b>		
<b>RESPONSIBLE OFFICER:</b>	<b>IAN CUMMINS</b>	<b>REPORT AUTHOR:</b>	<b>IAN CUMMINS</b>
<b>OFFICERS CONSULTED:</b>	<b>STRATEGIC LEADERSHIP TEAM</b>		
<b>TITLE OF REPORT:</b>	<b>FINANCIAL REVIEW 2022/23 - OCTOBER TO DECEMBER</b>		

<b>APPENDICES:</b>	<b>APPENDIX A1: REVENUE BUDGET MOVEMENT SUMMARY</b>
	<b>APPENDIX A2: FIRE AND RESCUE SERVICE REVENUE BUDGET MOVEMENT</b>
	<b>APPENDIX A3: CORPORATE MANAGEMENT REVENUE BUDGET MOVEMENT</b>
	<b>APPENDIX A4: BUDGET MOVEMENTS ON RESERVES</b>
	<b>APPENDIX B: CAPITAL PROGRAMME 2022/23</b>
	<b>APPENDIX C: APPROVED AUTHORITY CAPITAL PROGRAMME 2022/23 – 2026/27</b>

<b>Purpose of Report</b>
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1. To review the revenue, capital, and reserves financial position for the Authority for 2022/23. The Authority receives regular comprehensive financial reviews during the year which provide a full health check on the Authority’s finances. This report covers the period October to December 2022.

<b>Recommendation</b>
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2. It is recommended that Members.
  - a. note the contents of the report;
  - b. approve the proposed revenue and capital budget alignments;
  - c. approve the use of the £0.250m forecast favourable revenue variance to fund an increase in the Capital Reserve in order to reduce future debt servicing costs, and
  - d. instruct the Director of Finance and Procurement to continue to work with budget managers to maximise savings in 2022/23.

### **Revenue:**

The Authority approved a five-year medium-term financial plan (MTFP) at the Budget Authority meeting on 24 February 2022. The approved MTFP delivered a balanced budget for 2022/23 based on key budget assumptions around costs, in particular pay. This report updates members on the 2022/23 budget position and any issues arising in the year that may impact on the future years' financial position.

The MTFP assumed a 2.5% pay award for 2022/23, but local government staff have accepted an offer of a £1,925 fixed sum for all grades. This equates to approximately a 6.5% increase on the green/red book staff employee budget, and is 4% or £0.465m above the budget assumption. The current firefighters pay offer is 5%, and the FBU is currently seeking its members' views on the offer and have recommended not to accept it. A 5% settlement would exceed the budget provision by £0.695m in 2022/23 rising to £0.926m in a full year. Members have received a number of reports on the impact of the current high energy prices and a potential increase in energy costs of +200% or £1m above the budget for 2022/23. After taking into account the Government initiative for reducing business energy costs, (October 2022 to March 2023), energy costs are now expected to exceed the current budget by £0.5m - £0.7m.

Any pay award or energy costs that cannot be contained within the budget will be funded from the £3m inflation reserve in 2022/23. The Authority will need to consider the impact of higher inflationary increases in 2022/23 as part of the 2023/24 budget process.

The total budget requirement remains at the original budget level of £61.792m. Appendix A1 – A4 outline in detail all the revenue budget and reserve movements between October and December 2022.

### **Capital:**

The capital programme planned spend has reduced by £0.012m in the quarter and £7.608m re-phasing from 2022/23 into future years. The revised Capital Programme is outlined in Appendix B and C.

### **Reserves & Balances:**

The general balance remains unchanged at £3.000m. All movements in committed reserves are outlined in Appendix A4.

### **Treasury Management:**

No new long-term borrowing has been arranged and the Authority has continued its policy of reducing investments and only taking short term borrowing to cover cash flow requirements.

## Introduction and Background

3. The purpose of this report is to enable the Authority to monitor its income and expenditure levels against its budget on a regular basis throughout the year to ensure effective financial management.
4. This report is the review of the Authority's position up to the end of December of the financial year 2022/23 (October – December 2022).
5. In order to ensure that the financial reviews provide a regular and effective financial health check on all aspects of the Authority's finances the following structure has been adopted.

<u>Financial Review Structure</u>	
<u>Section</u>	<u>Content</u>
A	Current Financial Year Review:- <ul style="list-style-type: none"><li>• Revenue Budget,</li><li>• Capital Programme, and</li><li>• Movement on Reserves</li></ul>
B	Treasury Management Review

### **(A) Current Financial Year – 2022/23**

6. The purpose of the financial review report is to provide Members with an assurance that the approved budget remains robust and that the current forecast of expenditure can be contained within the available resources. If actual expenditure or income for the year is inconsistent with the current budget then the report will, if necessary, identify the appropriate corrective action.

#### **Revenue Position:**

7. Budget Movements: there have been a number of budget adjustments with no net impact because they are either self-balancing virements within department budgets or budget increases financed by reserves in line with previously agreed Authority decisions. The budget adjustments in quarter 3 included:-
  - An increase in the new TDA/capital reserve of £5.000m in 2022/23 to reflect the re-phasing of the scheme and spend slipping into 2023/24, when the reserve will be required.
  - A planned drawdown of £0.010m from the equipment reserve to purchase supplies.
  - A full breakdown of the reserve movements is outlined in Appendix A4.
  - A £0.567m virement from the inflation provision to cover the “red book” staff 2022/23 pay settlement and other non-employee inflation costs including £0.118m for energy.

- The National Resilience Assurance budget has been increased by £0.294m realigned to reflect agreed Home Office spending plans, and is 100% funded by grant income.
  - Other self-balancing virements to cover small adjustments within non-employee budget lines.
8. **The net budget requirement remains at £61.792m, which is consistent with the original budget.**
9. Update on Budget Assumptions and forecast actual expenditure:
10. The key budget assumptions for 2022/23 are:
- I. Annual pay awards of 2.5%, and
  - II. General price inflation of 2% and Energy inflation of 12%,
  - III. The new TDA / Station can be built within the approved budget,
  - IV. No significant unplanned growth pressures would materialise in the year,

I. **Annual Pay awards assumption**, a 2.5% pay award for 2022/23;

The last financial review report covered the impact of the Local government staff 2022/23 pay award of £1,925 fixed sum for all grades, and this would equate to a 6.5% increase on the green book staff employee budget, 4.0% or £0.465m above the budget assumption.

The initial firefighters pay offer was 2% and this has now been increased to 5%. If accepted this would exceed the budget by £0.695m in 2022/23 rising to £0.926m in a full year (pay award is from 1st July). At the time of writing this report the FBU has recommended rejection of the offer and is balloting its members on industrial action.

II. **Non-pay inflation – energy;**

Members have received a number of reports on the impact of the current high energy costs on the budget. The estimated increase in energy costs in 2022/23 was expected to be in the order of £1m above the budget. Following the Government's decision to offer some financial support to businesses from October 2022 to March 2023, the overspend is expected to be £0.5m - £0.8m.

As a result of the higher pay and energy inflation, a potential £2m overspend against the current budget may materialise in 2022/23. In order to ensure the revenue budget remains in a balanced position throughout 2022/23, Members approved the use of the £3m inflation reserve to cover any pay award or energy costs that cannot be contained within the available budget.

The Authority will need to consider the impact of higher 2022/23 inflation as part of the 2023/24 budget process.

- III. **The new TDA / Station can be built within the approved budget;** Building work commenced in October and currently the planned scheme is expected to be built within the approved budget.
- IV. **No significant unplanned growth pressures would materialise in the year**  
- The budget assumes all spending requirements can be met from the approved budget.
11. The following paragraphs consider the December forecast revenue outturn position and potential variances;
- I. **Employee Costs;**  
Employee costs make-up nearly 80% of the Authority's revenue expenditure budget (*net of revenue costs associated with capital spend*) and is the most risk critical area of the financial plan. As a result, these costs are monitored extremely closely.
- In order to maintain the current firefighter establishment the Service has for a number of years now recruited in advance of the expected retirements. This may mean that for short periods the actual number of firefighters is slightly above the budgeted establishment. The latest December uniform employee forecast indicates a small potential underspend of £0.200m against the budget. However, this may change as the new recruits commence their employment with the Service in January 2023, and further retirements are expected before the end of the year. The forecast doesn't include the impact of the 2022/23 firefighter pay award, as this will be covered by the inflation provision and reserve.
- The non-uniform establishment forecast indicates a **£0.100m favourable variance** due to staff recruitment and retention problems.
- II. **Non-Employee Costs;**  
Excluding energy costs, see budget assumption section, all other spend and income is expected to be consistent with the approved budget.
- III. **Interest on Balances;**  
The recent increase in interest rates has meant investment income is now expected to exceed the budget, £0.172m, **by £0.150m.**
12. Overall the latest forecast has identified a favourable net revenue variance of £0.250m. The Director of Finance and Procurement would recommend that Members' approve that the £0.250m favourable variance be used to increase the Capital Investment reserve and this would then be used to reduce future capital borrowing. The table overleaf summarises the year-end forecast position based on spend to the end of December 2022:

<b>Anticipated Year-End Revenue Position (excl. National Resilience)</b>				
	<b>TOTAL BUDGET</b>	<b>ACTUAL as at 31.12.22</b>	<b>FORE-CAST</b>	<b>VARI-ANCE</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>				
Employee Costs	52,664	39,205	52,564	-100
Premises Costs	3,170	2,787	3,170	0
Transport Costs	1,328	1,024	1,328	0
Supplies and Services	3,543	2,182	3,543	0
Agency Services	6,766	4,850	6,766	0
Central Support Services	640	389	640	0
Capital Financing	26,292	0	26,292	0
<b>Income</b>	<b>-14,682</b>	<b>-12,264</b>	<b>-14,682</b>	<b>0</b>
<b>Net Expenditure</b>	<b>79,721</b>	<b>38,173</b>	<b>79,621</b>	<b>-100</b>
<b>Contingency Pay&amp;Prices</b>	<b>883</b>	<b>0</b>	<b>883</b>	<b>0</b>
<b>Cost of Services</b>	<b>80,604</b>	<b>38,173</b>	<b>80,504</b>	<b>-100</b>
<b>Interest on Balances</b>	<b>-172</b>	<b>-287</b>	<b>-322</b>	<b>-150</b>
<b>Movement on Reserves</b>	<b>-18,640</b>	<b>0</b>	<b>-18,640</b>	<b>0</b>
<b>Total Operating Cost</b>	<b>61,792</b>	<b>37,886</b>	<b>61,542</b>	<b>-250</b>

13. The Director of Finance and Procurement will continue to monitor the position during the year to look to deliver savings to contribute towards the funding of the 2022/23 pay awards and increased energy costs.
14. Debtor accounts under £5,000 may be written off by the Director of Finance and Procurement. No account was written-off under delegated powers in the first quarter.

**Capital Programme Position:**

15. The last financial review report (CFO/048/22) approved a 5-year capital programme worth £70.865m. This has now been updated for scheme additions and changes during quarter 3 of (£0.012m), as outlined below:-

- a) Officers have reviewed the current 2022/23 programme to identify likely scheme start and completion dates and as a result identified £7.608m re-phasing into 2023/24. The most significant re-phasing is due to;
  - i. The new TDA and fire station is expected to be completed as planned (end of April 2024), however adverse weather and a slightly delayed starting date has meant £5.000m has been re-phased into 2023/24. Planned spend in 2022/23 is £14m.
  - ii. Tenders are currently being evaluated for a number of other major building refurbishment schemes and discussions are taking place with bidders to drive costs down as bids have come in higher than expected due to current price inflation in the construction market. Delays in finalising other build



projects sign-off due to resources being prioritised on commencing the new TDA and other major schemes, and, the re-profiling of schemes to reflect actual lifecycle schedules has meant a further £1.110m of building work has been re-phased into 2023/24.

iii. ICT projects of £1.273m have been re-phased into 2023/24. The investment in the new command and control suite, £0.501m, is linked into the New TDA and will be phased towards the later stages of the development, although orders for equipment are expected to be placed in April 2024. Other schemes have been delayed due to delays in finalising specifications or start dates of projects have been slipped due to other priorities.

b) New ICT hardware of £0.006m has been approved and will be funded from a revenue contribution.

c) The planned replacement of ancillary vehicles has been reduced by 1 from 20 to 19 in 2024/25 following a review of service needs, saving £0.018m

16. The capital programme changes are summarised in Table below. The revised detailed capital programme is attached as Appendix B (2022/23 Capital Programme) and Appendix C (2022/23–2026/27 Capital Programme) to this report.

<b>Movement in the 5 Year Capital Programme</b>						
	<b>Total Cost</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>						
<b>Amendments to Approved Schemes;</b>						
Qtr 3 re-phasing of schemes from 2022/23 into future years	0.0	-7,608.0	7,618.0	-10.0		
Reduction in ancillary fleet programme	-18.0			-18.0		
New ICT Hardware	5.8	5.8				
	<b>-12.2</b>	<b>-7,602.2</b>	<b>7,618.0</b>	<b>-28.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Funding</b>						
<b>Capital Reserve/ RCCO</b>						
Re-phasing of new TDA	0.0	-5,000.0	5,000.0			
New ICT hardware	5.8	5.8				
<b>Borrowing</b>						
Re-phasing from 2022/23	0.0	-2,608.0	2,618.0	-10.0		
Ancillary VehiclesOperational Drones	-18.0			-18.0		
	<b>-12.2</b>	<b>-7,602.2</b>	<b>7,618.0</b>	<b>-28.0</b>	<b>0.0</b>	<b>0.0</b>

#### **Use of Reserves:**

17. The analysis in Appendix A4 outlines the £4.990m contribution to reserves to reflect:

a. The impact of the new TDA re-phasing and the rephrasing of the £5.000m drawdown of the TDA/Capital reserve from 2022/23 to 2023/24, and

- b. The planned £0.010m drawdown from the equipment reserve in quarter 3 to fund planned operational equipment.
- 18. As outlined in this report any pay award settlements or energy costs that cause spend to exceed the available budget will be funded by a drawdown from the £3m inflation reserve during the year.
- 19. This report recommends that Members' approve the use of the £0.250m favourable variance identified in quarter 3, to fund an increase in the capital investment reserve to reduce future capital borrowing.
- 20. The general revenue reserve has remained unchanged at £3.000m.

## **(B) Treasury Management**

- 21. The Authority continues to "buy in" Treasury Management from Liverpool City Council. The following paragraphs reflect Treasury Management activities in the period October to December 2022.

### **22. Prospects for Interest Rates;**

The conflict in Ukraine continued to keep global inflation elevated and the UK and global economic outlook remains weak. Political uncertainty in the UK improved in the later part of the period following a change in government to what financial markets perceived as being more fiscally prudent.

The economic backdrop during the April to December period continued to be characterised by high energy and commodity prices, high inflation and the associated impact on consumers' cost of living, as well as little likelihood that the Russia-Ukraine hostilities will end any time soon. China started to lift some of its zero-Covid policy restrictions at the end of the period causing a sharp increase in infections, but also leading to questions over potential under reporting of the number of cases by the Chinese government due to how it is counting the figures.

Central Bank rhetoric and action continued to remain robust. The Bank of England, Federal Reserve and the European Central Bank all increased interest rates over the period and committed to fighting inflation, even in the face of potential recessions in those regions.

UK inflation remained high, but there were tentative signs it may have peaked.

The Bank of England increased the official Bank Rate to 3.5% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with outsized hikes of 50bps in August and September, 75bps in November and then another 50bps in December. The Committee noted, at its' December meeting, that domestic inflationary pressures are expected to remain strong and continuing rhetoric around combating inflation means further rate rises are predicted.

The cost of both long and short term borrowing has risen dramatically over the April – December period, with rates at the end of December around 2% - 3% higher than

those at the beginning of April. Rate rises have been driven primarily by inflation and the need for central banks to control this by raising interest rates. Particularly dramatic rises were seen in September after Liz Truss' 'mini-budget' included unfunded tax cuts and additional borrowing to fund consumer energy price subsidies: over a twenty-four-hour period some PWLB rates increased to 6%. Rates have now fallen from September peaks but remain well above recent historical norms. The PWLB 10 year maturity certainty rate stood at 4.59% at the end of 2022.

The strategy indicated that the overall structure of interest rates, whereby short-term rates are lower than long term rates has continued for some time. In this scenario, the strategy would be to reduce investments and borrow for short periods, and possibly at variable rates when required.

**23. Capital Borrowings and the Portfolio Strategy;**

The borrowing requirement comprises the expected movements in the Capital Financing Requirement and reserves plus any maturing debt which will need to be re-financed. The Authority does not envisage that any new long-term borrowing will be required in 2022/23. Current market conditions continue to be unfavourable for any debt rescheduling.

**24. Annual Investment Strategy;**

The investment strategy for 2022/23 set out the priorities as the security of capital and liquidity of investments. Investments are made in accordance with DLUHC Guidance and CIPFA Code of Practice. Investments are made in sterling with an institution on the counterparty list.

Extreme caution has been taken in placing investments to ensure security of funds rather than rate of return. The use of deposit accounts with highly rated or part-nationalised banks and AAA rated money market funds has enabled reasonable returns in a low interest rate environment. Recent increases to Bank of England base rates have also improved the prospects for investment returns. In the period 1st October to 31 December 2022 the average rate of return achieved on average principal available was 2.04%. This compares with an average SONIA rate (Sterling Overnight Rate) of 1.75%.

The credit ratings and individual limits for each institution within the categories of investments to be used by the Authority in 2022/23 are as follows:

UK Government (including gilts and the DMADF)	Unlimited
UK Local Authorities (each)	Unlimited
Part Nationalised UK banks	£4m
Money Market Funds (AAA rated)	£3m
Enhanced Money Market (Cash) Funds (AAA rated)	£3m
Ultra-Short Duration Bond Funds (AAA rated)	£3m
UK Banks and Building Societies (A- or higher rated)	£2m
Foreign banks registered in the UK (A or higher rated)	£2m

No limits on investments with the UK Government and Local Authorities have been set because they are considered to be of the highest credit quality and are essentially risk free. The limits placed on other categories reflect some uncertainty and marginally higher risk profile of the institutions within those categories.

The Authority had investments of £47.600m as at 31<sup>st</sup> December 2022, see table below:

**ANALYSIS OF INVESTMENTS END OF QUARTER 3 2022/23**

Institution	Credit Rating	MM Fund*	DMADF	Bank / Other	Building Society	Local Authority	Average Interest
		£		£	£	£	%
Aberdeen Liquidity	AAA	3,000,000					1.29
CCLA Investment Management	AAA	1,400,000					0.72
DGLS	AAA	3,000,000					2.07
Federated Investors UK (Overnight)	AAA	1,700,000					1.59
DMADF			12,000,000				1.95
HSBC (MFRS Deposit Account)	A			500,000			1.32
Santander	A			2,000,000			2.35
Cumberland BS					1,000,000		2.35
Leeds BS					2,000,000		2.35
Newcastle BS					1,000,000		2.35
Principality BS					1,000,000		1.55
Bradford Metropolitan DC						3,000,000	2.75
Cornwall Council						2,000,000	2.80
Lancashire CC						2,000,000	2.10
Medway Council						2,000,000	1.30
North Lanarkshire CC						2,000,000	3.90
South Cambridgeshire DC						3,000,000	1.95
Thurrock Council						3,000,000	1.88
Wyre Forest DC						2,000,000	2.00
<b>Totals</b>		<b>9,100,000</b>	<b>12,000,000</b>	<b>2,500,000</b>	<b>5,000,000</b>	<b>19,000,000</b>	<b>2.03</b>
<b>Total Current Investments</b>						<b>47,600,000</b>	

\*MM Fund - Money Market Funds -these are funds that spread the risk associated with investments over a wide range of credit worthy institutions.

**25. External Debt Prudential Indicators;**

The external debt indicators of prudence for 2022/23 required by the Prudential Code were set in the strategy as follows:

Authorised limit for external debt: £73 million  
Operational boundary for external debt: £56 million

Against these limits, the maximum amount of debt reached at any time in the period 1 October to 31 December 2022 was £33.7 million.

**26. Treasury Management Prudential Indicators;**

The treasury management indicators of prudence for 2022/23 required by the Prudential Code were set in the strategy as follows:

#### a) Interest Rate Exposures

Upper limit on fixed interest rate exposures: 100%  
Upper limit on variable interest rate exposures: 50%

The maximum that was reached in the period 1 October to 31 December 2022 was as follows:

Upper limit on fixed interest rate exposures: 100%  
Upper limit on variable interest rate exposures: 0%

#### b) Maturity Structure of Borrowing

Upper and lower limits for the maturity structure of borrowing were set and the maximum and minimum that was reached for each limit in the period 1 October to 31 December 2022 was as follows: -

Maturity Period	Upper Limit	Lower Limit	Maximum	Minimum
Under 12 months	50%	0%	0%	0%
12 months and within 24 months	50%	0%	0%	0%
24 months and within 5 years	50%	0%	0%	0%
5 years and within 10 years	50%	0%	0%	0%
10 years and above	100%	0%	100%	100%

#### c) Total principal sums invested for periods longer than 365 days

The limit for investments of longer than 365 days was set at £2 million for 2022/23. One investment of £2m has been placed during 2022/23.

### **Equality and Diversity Implications**

27. There are no equality and diversity implications contained within this report.

### **Staff Implications**

28. There are no staff implications contained within this report.

### **Legal Implications**

29. There are no legal implications directly related to this report.

### **Financial Implications & Value for Money**

30. See Executive Summary.

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**Risk Management, Health & Safety, and Environmental Implications**

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31. There are no Risk Management, Health & Safety and Environmental implications directly related to this report.

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**Contribution to Our Vision: To be the best Fire & Rescue Service in the UK.**

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Our Purpose: Here to serve, Here to protect, Here to keep you safe.

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32. The achievement of actual expenditure within the approved financial plan and delivery of the expected service outcomes is essential if the Service is to achieve the Authority's Mission.

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**BACKGROUND PAPERS**

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- CFO/007/22** "MFRA Budget and Financial Plan 2022/2023-2026/2027" Authority 24th February 2022.
- CFO/045/22** "Financial Review 2022/23 – April to June" Audit Committee 27th September 2022.
- CFO/048/22** "Financial Review 2022/23 – July to September" Policy and Resources Committee 15th December 2022.

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**GLOSSARY OF TERMS**

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<b>MTFP</b>	Medium Term Financial Plan
<b>TDA</b>	Training & Development Academy
<b>GDP</b>	Gross Domestic Product
<b>PWLB</b>	Public Works Loans Board

## 2022/23 REVENUE BUDGET MOVEMENT SUMMARY

Actual 2021/22	SERVICE REQUIREMENTS	Base Budget 2022/23	Qtr 1 Budget 2022/23	Qtr 2 Budget 2022/23	Reserve Draw- down	Vire- ments	Qtr 3 Budget 2022/23
£'000		£'000	£'000	£'000	£'000	£'000	£'000
54,427	Fire Service	78,641	79,026	77,312	-4,992	556	72,876
477	Corporate Management	488	500	516	2	11	529
0	NRAT MFRS Lead Authority	0	0	0	0	0	0
0	2017 - 19 Dynamic Savings	0	0	0	0	0	0
54,904		79,129	79,526	77,828	-4,990	567	73,405
0	Contingency for Pay/Price Changes	1,126	1,123	1,450	0	-567	883
54,904	<b>TOTAL SERVICE EXPENDITURE</b>	<b>80,255</b>	<b>80,649</b>	<b>79,278</b>	<b>-4,990</b>	<b>0</b>	<b>74,288</b>
-70	Interest on Balances	-172	-172	-172	0	0	-172
54,834	<b>NET OPERATING EXPENDITURE</b>	<b>80,083</b>	<b>80,477</b>	<b>79,106</b>	<b>-4,990</b>	<b>0</b>	<b>74,116</b>
	<u>Contribution to/(from) Reserves:</u>						
	<u>Emergency Related Reserves</u>						
-1,368	Facing The Future COVID-19 Res	0	0	0	0	0	0
-200	Collection Fund Deficit Reserve	-1,306	-1,306	-1,306	0	0	-1,306
	<u>Modernisation Challenge</u>						
-412	Smoothing Reserve	0	0	200	0	0	200
597	Pensions Reserve	0	0	-62	0	0	-62
-550	Recruitment Reserve	0	0	0	0	0	0
0	Invest to Save Reserve	0	0	0	0	0	0
	<u>Capital Investment Reserve</u>						
0	PFI Reserve	0	0	0	0	0	0
30	FMIS Reserve	0	0	0	0	0	0
4,194	TDA Refurbishment Reserve	-16,991	-17,124	-15,808	5,000	0	-10,808
0	Equality and Accessibility Reserve	0	0	0	0	0	0
-88	Asset/Capital Investment Reserve	0	-61	-61	0	0	-61
0	Capital Investment Reserve (Salix)	0	0	0	0	0	0
4,136	Capital Investment Reserve	-16,991	-17,185	-15,869	5,000	0	-10,869
-424	PFI Annuity Reserve	-69	-69	-69	0	0	-69
	<u>Specific Projects</u>						
-19	Community Sponsorship Reserve	0	0	0	0	0	0
53	Equipment Reserve	0	0	0	-10	0	-10
0	Community Engagement Reserve	0	0	-6	0	0	-6
0	Training Reserve	0	0	-50	0	0	-50
-18	Health and Wellbeing Reserve	0	0	-7	0	0	-7
2,519	Inflation Reserve	0	0	0	0	0	0
65	Clothing Reserve	0	0	0	0	0	0
	<u>Ringfenced Reserves</u>						
-68	Princes Trust Reserve	0	0	0	0	0	0
-5	Community Risk Management Res.	0	0	-13	0	0	-13
35	Energy Reserve	75	75	68	0	0	68
75	New Dimensions Reserve	0	-200	-200	0	0	-200
0	Appropriation to/From Rev Balances	0	0	0	0	0	0
4,416	<b>Movement in Reserves</b>	<b>-18,291</b>	<b>-18,685</b>	<b>-17,314</b>	<b>4,990</b>	<b>0</b>	<b>-12,324</b>
59,250	<b>BUDGET REQUIREMENT</b>	<b>61,792</b>	<b>61,792</b>	<b>61,792</b>	<b>0</b>	<b>0</b>	<b>61,792</b>
-31,492	Settlement Funding Assessment	-31,251	-31,251	-31,251	0	0	-31,251
2,836	Collection Fund Deficit	1,147	1,147	1,147	0	0	1,147
-30,594	Precept Income	-31,688	-31,688	-31,688	0	0	-31,688
-59,250	<b>BUDGET FUNDING</b>	<b>-61,792</b>	<b>-61,792</b>	<b>-61,792</b>	<b>0</b>	<b>0</b>	<b>-61,792</b>

## 2022/23 FIRE SERVICE REVENUE BUDGET MOVEMENT

Actual 2021/22	SERVICE REQUIREMENTS	Base Budget 2022/23	Qtr 1 Budget 2022/23	Qtr 2 Budget 2022/23	Reserve Draw- down	Virement s	Qtr 3 Budget 2022/23
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>EMPLOYEES</b>						
	<b>Uniformed</b>						
33,473	Firefighters	35,026	35,397	34,859		9	34,868
1,506	Control	1,463	1,484	1,484		-3	1,481
2,602	Additional Hours	1,306	1,306	1,305		4	1,309
37,581	<b>TOTAL UNIFORMED</b>	37,795	38,187	37,648	0	10	37,658
	<b>APT&amp;C and Manual</b>						
9,567	APT&C	10,763	10,962	10,788		7	10,795
146	Tender Drivers	147	147	147		10	157
191	Catering	201	201	212		20	232
613	Transport Maintenance	665	663	663		45	708
51	Hydrant Technicians	54	54	54		5	59
97	Casuals	0	0	0			0
10,665	<b>TOTAL APT&amp;C/MANUAL</b>	11,830	12,027	11,864	0	87	11,951
	<b>Other Employee Expenses</b>						
60	Allowances	58	60	60		-10	50
0	Removal Expenses	1	1	1			1
710	Training Expenses	454	597	750		42	792
13	Other Expenses	9	9	9			9
8	Staff Advertising	7	7	7			7
112	Development Expenses	80	80	59			59
113	Employee Insurance	147	147	147		-5	142
-163	MPF Pen Fixed Rate	-169	-169	-169			-169
55	Enhanced Pensions	52	52	52			52
4	SSP & SMP Reimbursements	0	0	0			0
119	Catering Expenditure	125	125	125		10	135
-412	HFRA Capitalisation Payroll	-375	-375	-375			-375
619	<b>TOTAL OTHER EMPLOYEE EXPENSES</b>	389	534	666	0	37	703
	<b>Pensions</b>						
1,715	Injury Pension	1,790	1,790	1,790			1,790
38	Sanction Charges	21	21	21			21
147	Ill Health Retirement Charges	174	174	174			174
4	Injury Gratuity	0	0	0			0
1,904	<b>TOTAL PENSIONS</b>	1,985	1,985	1,985	0	0	1,985
50,769	<b>TOTAL EMPLOYEES</b>	51,999	52,733	52,163	0	134	52,297
	<b>PREMISES</b>						
18	Building Maintenance Repairs	29	29	29		1	30
11	Site Maintenance Costs	25	25	23			23
905	Energy	990	990	998		118	1,116
46	Rent	46	46	46			46
1,120	Rates	1,586	1,586	1,586			1,586
200	Water	300	300	300			300
13	Fixtures	15	15	15			15
25	Contract Cleaning	0	0	0			0
52	Insurance	54	54	54			54
2,390	<b>TOTAL PREMISES</b>	3,045	3,045	3,051	0	119	3,170
	<b>TRANSPORT</b>						
331	Direct Transport	312	310	320		10	330
8	Tunnel & Toll Fees	11	11	11			11
136	Operating Lease	133	133	133		1	134
434	Other Transport Costs	470	470	472		50	522
69	Car Allowances	91	91	90		-3	87
233	Insurance	223	223	244			244
1,211	<b>TOTAL TRANSPORT</b>	1,240	1,238	1,270	0	58	1,328



## 2022/23 FIRE SERVICE REVENUE BUDGET MOVEMENT (continued)

Actual 2021/22	SERVICE REQUIREMENTS	Base Budget 2022/23	Qtr 1 Budget 2022/23	Qtr 2 Budget 2022/23	Reserve Draw- down	Vire- ments	Qtr 2 Budget 2022/23
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>SUPPLIES &amp; SERVICES</b>						
10	Administrative Supplies	13	17	20			20
294	Operational Supplies	296	303	367		-10	357
6	Hydrants	11	11	11			11
52	Consumables	44	45	45		-1	44
99	Training Supplies	103	96	96		5	101
93	Fire Prevention Supplies	55	86	90		35	125
3	Catering Supplies	26	22	22		-3	19
419	Uniforms	330	338	336		25	361
74	Printing & Stationery	95	96	95			95
2	Operating Leases	1	1	1		2	3
314	Professional Fees/Service	232	292	339		72	411
739	Communications	782	770	827		2	829
14	Postage	15	15	15			15
13	Command/Control	8	11	12		-3	9
363	Computing	297	443	460	8	-4	464
270	Medicals	271	269	269			269
41	Travel & Subsistence	66	71	67		-1	66
119	Grants/Subscriptions	105	110	132		3	135
1	Advertising	2	3	4			4
35	Insurances	37	37	37			37
0	Furniture	13	16	16		5	21
72	Laundry	82	82	82			82
14	Hospitality	6	7	9		3	12
0	Seconded Officers In	0	30	30			30
<b>3,047</b>	<b>TOTAL SUPPLIES &amp; SERVICES</b>	<b>2,890</b>	<b>3,171</b>	<b>3,382</b>	<b>8</b>	<b>130</b>	<b>3,520</b>
	<b>AGENCY SERVICES</b>						
168	Super Fund Admin	126	126	188		-1	187
1,533	ICT Service Provider	1,517	1,525	1,526		56	1,582
438	ICT Managed Suppliers	437	398	410		6	416
2,897	PFI Unitary Charges ((Int/Principal/Op Cos	2,891	2,891	2,991			2,991
1,514	Estates Service Provider	1565	1,565	1,565		25	1,590
<b>6,550</b>	<b>TOTAL AGENCY SERVICES</b>	<b>6,536</b>	<b>6,505</b>	<b>6,680</b>	<b>0</b>	<b>86</b>	<b>6,766</b>
	<b>CENTRAL EXPENSES</b>						
472	Finance & Computing	472	483	498		3	501
2	Central Expenses	0	0	0		0	0
<b>474</b>	<b>TOTAL CENTRAL EXPENSES</b>	<b>472</b>	<b>483</b>	<b>498</b>	<b>0</b>	<b>3</b>	<b>501</b>
	<b>CAPITAL FINANCING</b>						
3,687	PWLB Debt Charges	5,121	5,121	5,121		21	5,142
51	MRB Debt Charges	60	60	60			60
2,134	Revenue Contribution to Capital	20,738	21,104	19,794	-5,000	2	14,796
-23	Early Settlement of Debt (Pfi Refin)	-22	-22	-22			-22
<b>5,849</b>	<b>TOTAL CAPITAL FINANCING</b>	<b>25,897</b>	<b>26,263</b>	<b>24,953</b>	<b>-5,000</b>	<b>23</b>	<b>19,976</b>
<b>70,290</b>	<b>TOTAL EXPENDITURE</b>	<b>92,079</b>	<b>93,438</b>	<b>91,997</b>	<b>-4,992</b>	<b>553</b>	<b>87,558</b>
	<b>INCOME</b>						
12,892	Specific Grants	10,838	11,646	11,808		98	11,906
88	Sales	1	4	4		31	35
1,356	Fees & Charges	1,152	1,306	1,328		-150	1,178
14	Reinforcing Moves	5	5	5			5
1,025	Rents etc	984	984	985			985
159	Recharges Secondments	210	210	210			210
174	Contributions	125	134	222		8	230
144	Recharges Internal	113	113	113		10	123
11	Other Income	10	10	10			10
<b>15,863</b>	<b>TOTAL INCOME</b>	<b>13,438</b>	<b>14,412</b>	<b>14,685</b>	<b>0</b>	<b>-3</b>	<b>14,682</b>
<b>54,427</b>	<b>NET EXPENDITURE</b>	<b>78,641</b>	<b>79,026</b>	<b>77,312</b>	<b>-4,992</b>	<b>556</b>	<b>72,876</b>

**2022/23 CORPORATE MANAGEMENT REVENUE BUDGET MOVEMENT**

Actual 2021/22	SERVICE REQUIREMENTS	Base Budget 2022/23	Qtr 1 Budget 2022/23	Qtr 2 Budget 2022/23	Reserve Draw- down	Virement s	Qtr 3 Budget 2022/23
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>EXPENDITURE</b>						
	<b>Finance &amp; Legal costs</b>						
79	Finance Officer	79	79	79			79
45	Legal Officer	59	71	72		6	78
	<b>Democratic Rep (1020)</b>						
9	- Travel & Subsistence	17	17	17		1	18
2	- Conference Fees	2	2	2			2
200	- Members Allowances	204	204	204	2	4	210
1	- Telephones	1	1	1			1
0	- Training	1	1	1			1
1	- Hospitality	1	1	1			1
	<b>Central Expenses (1030)</b>						
15	Bank Charges	15	15	15			15
47	District Audit Fees	30	30	45			45
78	Subscriptions	79	79	79			79
<b>477</b>	<b>TOTAL EXPENDITURE</b>	<b>488</b>	<b>500</b>	<b>516</b>	<b>2</b>	<b>11</b>	<b>529</b>

**2022/23 NATIONAL RESILIENCE ASSURANCE REVENUE BUDGET MOVEMENT**

Actual 2021/22	SERVICE REQUIREMENTS	Base Budget 2022/23	Qtr 1 Budget 2022/23	Qtr 2 Budget 2022/23	Reserve Draw- down	Virement s	Qtr 3 Budget 2022/23
£'000		£'000	£'000	£'000	£'000	£'000	£'000
	<b>EXPENDITURE</b>						
2,151	Employee Costs		1,896	2,317		89	2,406
4	Premises Costs		2	3			3
6,165	Transport Costs		6,651	6,678		18	6,696
3,868	Supplies and Services Costs		2,127	3,540		183	3,723
476	Agency Costs		778	778			778
0	Central Expenditure		66	0			0
5	Capital Financing Costs		5	6		4	10
<b>12,669</b>	<b>TOTAL EXPENDITURE</b>	<b>0</b>	<b>11,525</b>	<b>13,322</b>	<b>0</b>	<b>294</b>	<b>13,616</b>
	<b>INCOME</b>						
<b>12,669</b>	Income		<b>11,525</b>	<b>13,322</b>		<b>294</b>	<b>13,616</b>
<b>0</b>	<b>NET EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Budgeted Movement on Reserves 2022/23**

	Opening Balance	Qtr 1 Draw-down & changes	Qtr 2 Draw-down & changes	Qtr 3 Draw-down & changes	Closing Balance
<b>Committed Reserves</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Emergency Related Reserves</b>					
Bellwin / Emergency Planning	222				222
Insurance Reserve	499				499
Collection Fund Reserve	2,420	-1,306			1,114
<b>Modernisation Challenge</b>					
Smoothing Reserve	1,588		200		1,788
Pensions Reserve	652		-62		590
Recruitment Reserve	1,450				1,450
Invest to Save / Collaboration Reserve	282				282
<b>Capital Investment Reserve</b>	17,720	-17,185	1,316	5,000	6,851
<b>PFI Annuity Reserve</b>	1,442	-69			1,373
<b>Specific Projects</b>					
Community Sponsorship Reserve	55				55
Equipment Reserve	205			-10	195
Community Engagement Reserve	8		-6		2
Training Reserve	150		-50		100
Health and Wellbeing Reserve	7		-7		0
Inflation Reserve	3,019				3,019
Clothing Reserve	90				90
<b>Ringfenced Reserves</b>					
Princes Trust Reserve	15				15
Community Risk Management Reserve	303		-13		290
Energy Reserve	133	75	-7		201
New Dimensions Reserve	239	-200			39
<b>Total Earmarked Reserves</b>	<b>30,499</b>	<b>-18,685</b>	<b>1,371</b>	<b>4,990</b>	<b>18,175</b>
<b>General Revenue Reserve</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,000</b>
<b>Total Reserves</b>	<b>33,499</b>	<b>-18,685</b>	<b>1,371</b>	<b>4,990</b>	<b>21,175</b>

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## Capital Programme 2022/23

EXPENDITURE		Approved Budget	Qtr 1 Budget	Qtr 2 Budget	Q3 Re-Phasings	Qtr 3 Virements	Qtr 3 Budget	Actual to 30.12.22
		£	£	£	£	£	£	£
<b>BUILDING &amp; LAND PROGRAMME</b>								
BLD001	Roofs & Canopy Replacements	40,000	143,400	143,400	-100,000		43,400	9,176
BLD004	Concrete Yard Repairs	60,000	80,500	80,500	-50,000		30,500	9,545
BLD005	Tower Improvements	20,000	26,600	26,600			26,600	
BLD007	L.E.V. Sys In App Rooms	25,000	32,500	32,500	-32,500		0	
BLD013	Appliance Room Floors	105,000	142,000	42,000	-42,000		0	
BLD014	Boiler Replacements	65,000	77,800	77,800	-50,000		27,800	9,664
BLD016	Community Station Investment	50,000	73,000	73,000	-30,000		43,000	6,464
BLD018	Conference Facilities H/Q	35,000	40,000	40,000	-40,000		0	
BLD020	5 Year Electrical Test	70,000	124,600	124,600	-50,000		74,600	14,275
BLD026	Corporate Signage	25,000	29,700	29,700	-10,000		19,700	1,755
BLD031	Diesel Tanks	0	19,400	19,400			19,400	7,200
BLD032	Power Strategy (Generators)	5,000	22,000	22,000			22,000	
BLD033	Sanitary Accommodation Refurb	95,000	116,200	41,200	-20,000		21,200	
BLD034	Office Accommodation	65,000	78,500	78,500	-40,000		38,500	1,012
BLD039	F.S. Refurbishment Heswall	75,000	147,100	147,100	-90,000		57,100	17,300
BLD041	F.S. Refurbishment Aintree	159,900	159,900	59,900	-50,000		9,900	
BLD044	Asbestos Surveys	20,000	28,400	28,400	-20,000		8,400	
BLD050	LLAR Accommodation Belle Vale	0	49,800	49,800			49,800	
BLD053	Lighting Replacement	22,900	22,900	22,900	-10,000		12,900	364
BLD055	F.S. Refurbishment Bromborough	1,250,000	1,273,700	273,700	-200,000		73,700	25,272
BLD057	F.S. Refurbishment Crosby	50,000	93,400	93,400	-50,000		43,400	760
BLD058	H.V.A.C. Heating, Vent & Air Con	50,000	62,200	62,200			62,200	23,424
BLD060	D.D.A. Compliance Work	160,000	213,300	113,300			113,300	10,715
BLD061	Lighting Conductors Surge Protectors	30,000	48,000	48,000	-40,000		8,000	
BLD062	Emergency Lighting	30,000	44,200	44,200	-25,000		19,200	1,415
BLD063	F.S. Refurbishment Kirby	369,500	369,500	19,500	-15,000		4,500	3,408
BLD067	Gym Equipment Replacement	70,000	103,500	103,500			103,500	30,747
BLD070	Workshop Enhancement	0	9,800	9,800			9,800	482
BLD071	Station Refresh	0	21,400	21,400			21,400	16,235
BLD073	SHQ Museum	191,000	191,000	0			0	
BLD075	LLAR Accommodation Newton Le Willows	450,000	464,600	114,600			114,600	12,241
BLD081	SHQ Stage C Works		0	0			0	-15,014
BLD083	St Helens Fire Station Build		0	0			0	-66,579
BLD084	F.S. Refurbishment Croxteth	0	37,400	37,400			37,400	
BLD085	F.S. Refurbishment Speke/Garston	150,000	296,500	296,500			296,500	2,864
BLD086	F.S. Refurbishment Old Swan	150,000	296,500	296,500			296,500	6,806
BLD088	F.S. Refurbishment Kensington	134,900	134,900	4,900			4,900	
BLD089	F.S. Refurbishment Toxteth/Hub	200,000	200,000	0			0	
BLD090	F.S. Refurbishment Wallasey	50,000	63,000	63,000	-25,000		38,000	17,518
BLD091	New Build TDA	27,556,000	28,785,100	18,785,100	-5,000,000		13,785,100	8,401,454
BLD092	Service HQ. Offices	50,000	98,600	98,600	-50,000		48,600	25,559
BLD093	Refurbishment MF1	150,000	150,000	0			0	
BLD094	Security Enhancement Works	25,000	27,800	27,800			27,800	11,236
BLD095	Electric Vehicle Infrastructure	50,000	50,000	50,000	-30,000		20,000	
BLD096	Passive Strategy	20,000	20,000	20,000			20,000	
BLD097	Saughill Massie Wig Wags	100,000	100,000	100,000			100,000	
CON001	Energy Conservation Non-Salix	120,000	172,900	72,900	-20,000		52,900	
CON002	Energy Conservation Salix	0	1,800	1,800			1,800	
EQU002	Fridge/Freezer Rep Prog	10,000	33,000	33,000			33,000	3,617
EQU003	Furniture Replacement Prog	10,000	38,700	38,700			38,700	15,333
TDA001	TDA Refurbishment	0	42,100	42,100	-20,000		22,100	1,660
	<b>Total</b>	<b>32,364,200</b>	<b>34,857,200</b>	<b>22,011,200</b>	<b>-6,109,500</b>	<b>0</b>	<b>15,901,700</b>	<b>8,605,910</b>
<b>FIRE SAFETY</b>								
FIR002	Smoke Alarms (H.F.R.A.)	235,000	235,000	235,000			235,000	134,590
FIR005	Installation Costs (H.F.R.A.)	375,000	375,000	375,000			375,000	
FIR006	Deaf Alarms (H.F.R.A.)	25,000	25,000	25,000			25,000	21,800
FIR007	Replacement Batteries (H.F.R.A.)		0	0			0	51
	<b>Total</b>	<b>635,000</b>	<b>635,000</b>	<b>635,000</b>	<b>0</b>	<b>0</b>	<b>635,000</b>	<b>156,441</b>

## Capital Programme 2022/23

<u>EXPENDITURE</u>		Approved Budget	Qtr 1 Budget	Qtr 2 Budget	Q2 Re-Phasings	Qtr 2 Virements	Qtr 2 Budget	Actual to 30.09.22
		£	£					£
<b>ICT</b>								
FIN001	FMIA/Eproc/Payroll/ HR Replacement	253,500	253,500	0			0	
IT002	I.C.T. Software	562,000	573,500	573,500	-120,300		453,200	388,200
IT003	I.C.T. Hardware	456,660	338,560	345,710	-47,400	5,750	304,060	69,096
IT005	I.C.T. Servers	146,000	244,600	244,600	-244,600		0	
IT018	I.C.T. Network	42,000	98,100	98,100	-42,900		55,200	55,215
IT019	Website Development	0	15,700	15,700			15,700	
IT026	I.C.T. Operational Equipment	62,200	77,500	77,500	-55,400	-500	21,600	9,715
IT027	I.C.T. Security	2,000	2,000	2,000			2,000	1,646
IT028	System Development Portal	75,000	119,700	119,700			119,700	9,650
IT030	I.C.T. Projects / Upgrades	5,000	8,200	8,200			8,200	
IT055	C3i C&C Comms and Info system	5,000	7,300	7,300		500	7,800	7,698
IT058	New Emergency Services Network	0	54,300	54,300	-40,000		14,300	
IT059	ESMCP Project Control room integration	0	92,000	92,000	-25,900		66,100	
IT062	Capita Vision 3 Update	0	145,300	145,300			145,300	7,690
IT063	PIPS System Upgrade	120,000	120,000	120,000	-120,000		0	
IT064	999 EYE Emergency Streaming	0	40,000	40,000	-40,000		0	
IT065	Dynamic Cover Response Tool	0	35,000	35,000	-35,000		0	
IT066	ESN Ready	662,000	710,000	710,000			710,000	169,464
IT067	DCS Upgrade	108,000	108,000	108,000			108,000	51,358
IT068	Command & Control Suite TDA	700,000	501,000	501,000	-501,000		0	
<b>Total</b>		<b>3,199,360</b>	<b>3,544,260</b>	<b>3,297,910</b>	<b>-1,272,500</b>	<b>5,750</b>	<b>2,031,160</b>	<b>769,730</b>
<b>NATIONAL RESILIENCE ASSET REFRESH</b>								
OPS055	NRAT Operational Equipment	0	1,172,600	1,172,600			1,172,600	818,840
VEH011	NRAT Vehicles	0	1,000,000	1,000,000			1,000,000	
<b>Total</b>		<b>0</b>	<b>2,172,600</b>	<b>2,172,600</b>	<b>0</b>	<b>0</b>	<b>2,172,600</b>	<b>818,840</b>
<b>OPERATIONAL EQUIP. &amp; HYDRANTS</b>								
OPS001	Gas Tight Suits Other Ppe	6,000	13,700	13,700	-5,000		8,700	1,975
OPS003	Hydraulic Rescue Equipment	85,000	85,000	85,000		39,000	124,000	6,097
OPS005	Resuscitation Equipment	50,000	59,700	59,700	-10,000	-39,000	10,700	
OPS009	Pod Equipment	0	96,700	96,700	-95,000		1,700	
OPS011	Thermal Imaging Cameras	0	10,800	10,800			10,800	
OPS016	Gas Detection Equipment	28,000	33,300	33,300	-33,300		0	
OPS022	Improvements To Fleet	43,200	55,200	55,200		-4,500	50,700	32,936
OPS023	Water Rescue Equipment	15,000	15,000	15,000	-21,000	16,000	10,000	
OPS024	BA equipment / Comms	10,000	39,100	39,100	-15,000		24,100	1,180
OPS026	Rope Replacement	10,000	14,700	14,700	-5,000		9,700	918
OPS027	Light Portable Pumps	0	30,000	30,000	-30,000		0	
OPS031	CCTV Equipment	0	0	0		5,000	5,000	4,940
OPS033	Marine Rescue Launch	20,000	26,100	26,100	-10,000		16,100	
OPS034	Operational Ladders	64,000	88,000	88,000	-40,000		48,000	17,448
OPS036	Radiation Detection Equipment	65,000	65,000	65,000			65,000	
OPS039	Water Delivery Hoses	47,000	50,600	50,600	-20,500		30,100	30,049
OPS049	Bulk Foam Attack Equipment	143,000	143,000	143,000			143,000	
OPS052	DEFRA FRNE Water Rescue Grant		16,000	16,000		-16,000	0	
OPS054	Electrical Equipment	8,000	8,000	8,000	-8,000		0	
OPS058	Operational Drones		0	32,000		-500	31,500	31,415
HYD001	Hydrants (New Installations)	18,500	18,500	18,500			18,500	3,186
HYD002	Hydrants (Rep Installations)	18,500	18,500	18,500			18,500	4,913
<b>Total</b>		<b>631,200</b>	<b>886,900</b>	<b>918,900</b>	<b>-292,800</b>	<b>0</b>	<b>626,100</b>	<b>135,057</b>
<b>VEHICLES</b>								
VEH001	Wtl'S Purchased	606,100	688,300	688,300		-82,200	606,100	599,563
VEH002	Ancillary Vehicles	649,075	654,775	548,075		128,500	676,575	
VEH004	Special Vehicles	3,346,800	3,346,800	2,496,800		-46,300	2,450,500	725,000
VEH005	Vehicles water Strategy	16,400	16,400	16,400			16,400	
VEH010	Marine Rescue Vessels	357,500	373,900	500	57,000		57,500	51,155
WOR001	Workshop Equipment	40,000	53,100	53,100	10,000		63,100	6,322
<b>Total</b>		<b>5,015,875</b>	<b>5,133,275</b>	<b>3,803,175</b>	<b>67,000</b>	<b>0</b>	<b>3,870,175</b>	<b>1,382,040</b>
<b>Grand Total</b>		<b>41,845,635</b>	<b>47,229,235</b>	<b>55,484,985</b>	<b>-7,607,800</b>	<b>5,750</b>	<b>25,236,735</b>	<b>11,868,018</b>

## Capital Programme 2022/23

<u>EXPENDITURE</u>		Approved Budget	Qtr 1 Budget	Qtr 2 Budget	Q3 Re-Phasings	Qtr 3 Virements	Qtr 2 Budget	Actual to 30.12.22
		£	£					£
<b>Capital Receipts</b>	Sale of Newton 2 LLAR House	275,000	275,000	0			0	
	Vehicles & Equipment > £10,000		56,000	56,000			56,000	19,320
<b>R.C.C.O. / Capital Reserve</b>	Capitalisation of Sals HFRA (FIR005)	375,000	375,000	375,000			375,000	
	TDA Refurbishment (BLD091) Cap Inv Res	19,768,000	20,101,000	18,785,100	-5,000,000		13,785,100	8,401,454
	IT003 - I.C.T. Hardware		15,100	22,250		5,750	28,000	
	ESN Funding	595,000	618,000	618,000			618,000	169,464
<b>Grant</b>	NRAT National Resilience Grant		2,172,612	2,172,612			2,172,612	818,840
	<b>Total Non Borrowing</b>	<b>21,013,000</b>	<b>23,612,712</b>	<b>22,028,962</b>	<b>-5,000,000</b>	<b>5,750</b>	<b>17,034,712</b>	<b>9,409,078</b>
<b>Borrowing Requirement</b>	Unsupported Borrowing	20,832,635	23,616,523	43,648,608	-2,607,800	0	8,202,023	2,458,940
	<b>Borrowing</b>	<b>20,832,635</b>	<b>23,616,523</b>	<b>43,648,608</b>	<b>-2,607,800</b>	<b>0</b>	<b>8,202,023</b>	<b>2,458,940</b>
	<b>Total Funding</b>	<b>41,845,635</b>	<b>47,229,235</b>	<b>65,677,570</b>	<b>-7,607,800</b>	<b>5,750</b>	<b>25,236,735</b>	<b>11,868,018</b>

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## Capital Programme 2022/23 to 2026/27

Capital Expenditure	Total Cost £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Building/Land	45,965,200	15,901,700	28,143,500	360,000	880,000	680,000
Fire Safety	3,175,000	635,000	635,000	635,000	635,000	635,000
ICT	7,394,600	2,031,160	2,354,460	1,121,460	762,860	1,124,660
NRAT Resilience Assets	2,172,600	2,172,600	0	0	0	0
Operational Equipment & Hydrants	3,071,900	626,100	766,800	1,133,000	316,000	230,000
Vehicles	9,073,375	3,870,175	1,957,350	1,287,850	1,818,000	140,000
<b>Expenditure</b>	<b>70,852,675</b>	<b>25,236,735</b>	<b>33,857,110</b>	<b>4,537,310</b>	<b>4,411,860</b>	<b>2,809,660</b>
<b>2022/23 - 2026/27 Q2 Approved Programme</b>	<b>70,864,925</b>	<b>32,838,785</b>	<b>26,239,310</b>	<b>4,565,310</b>	<b>4,411,860</b>	<b>2,809,660</b>
Q2 Change to Q3 Budget	(12,250)	(7,602,050)	7,617,800	(28,000)	0	0
<b>Q3 Movements Explained by:</b>						
Re-Phasing of Schemes	0	(7,607,800)	7,617,800	(10,000)	0	0
Deletion of ancillary vehicle	(18,000)	0	0	(18,000)	0	0
RCCO - IT003 IT Hardware	5,750	5,750				
<b>Q3 Movement</b>	<b>(12,250)</b>	<b>(7,602,050)</b>	<b>7,617,800</b>	<b>(28,000)</b>	<b>0</b>	<b>0</b>
Financing Available	Total £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Capital Receipts	3,731,000	56,000	3,675,000	0	0	0
RCCO	2,521,000	1,021,000	375,000	375,000	375,000	375,000
Capital Reserves	20,101,000	13,785,100	6,315,900	0	0	0
Grants	2,172,612	2,172,612	0	0	0	0
<b>Total Non Borrowing</b>	<b>28,525,612</b>	<b>17,034,712</b>	<b>10,365,900</b>	<b>375,000</b>	<b>375,000</b>	<b>375,000</b>
Unsupported Borrowing	42,327,063	8,202,023	23,491,210	4,162,310	4,036,860	2,434,660
<b>Total Funding</b>	<b>70,852,675</b>	<b>25,236,735</b>	<b>33,857,110</b>	<b>4,537,310</b>	<b>4,411,860</b>	<b>2,809,660</b>
<b>2022/23 - 2026/27 Q2 Approved Programme</b>	<b>70,864,925</b>	<b>32,838,785</b>	<b>26,239,310</b>	<b>4,565,310</b>	<b>4,411,860</b>	<b>2,809,660</b>
Q2 Change to Q3 Budget	(12,250)	(7,602,050)	7,617,800	(28,000)	0	0
<b>Funding Change Explained by:</b>						
<b>RCCO</b>	<b>5,750</b>	<b>5,750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
IT003 IT Hardware		5,750				
<b>Capital Reserves</b>	<b>0</b>	<b>(5,000,000)</b>	<b>5,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
BLD091 TDA Rephase		(5,000,000)	5,000,000			
<b>Unsupported Borrowing</b>	<b>(18,000)</b>	<b>(2,607,800)</b>	<b>2,617,800</b>	<b>(28,000)</b>	<b>0</b>	<b>0</b>
Re-phasing of Schemes		(2,607,800)	2,617,800	(10,000)		
Deletion of ancillary Vehicle		0		(18,000)	0	0
<b>Q3 Movements</b>	<b>(12,250)</b>	<b>(4,994,250)</b>	<b>5,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Buildings Capital Programme 2022/23 to 2026/27**

Type of Capital Expenditure	Total Cost £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
<b>Major Site Refurbishments</b>						
BLD016 Community Station Investment	73,000	43,000	30,000			
BLD039 FS Refurbishment Heswall	147,100	57,100	90,000			
BLD041 FS Refurbishment Aintree	159,900	9,900	150,000			
BLD055 FS Refurbishment Bromborough	1,273,700	73,700	1,200,000			
BLD057 FS Refurbishment Crosby	393,400	43,400	50,000			300,000
BLD063 FS Refurbishment Kirkby	369,500	4,500	365,000			
BLD070 Workshop Enhancement	9,800	9,800				
BLD071 Station Refresh	21,400	21,400				
BLD084 FS Refurbishment Croxteth	37,400	37,400				
BLD085 FS Refurbishment Speke/Garston	296,500	296,500				
BLD086 FS Refurbishment Old Swan	296,500	296,500				
BLD088 FS Refurbishment Kensington	134,900	4,900	130,000			
BLD089 FS Refurbishment Toxteth	200,000		200,000			
BLD090 FS Refurbishment Wallasey	563,000	38,000	25,000		500,000	
BLD091 TDA New Build	37,623,100	13,785,100	23,838,000			
BLD093 Marine Fire 1 Refurbishment	150,000		150,000			
BLD095 Electric Vehicle Infrastructure Works	150,000	20,000	55,000	25,000	25,000	25,000
	<b>41,899,200</b>	<b>14,741,200</b>	<b>26,283,000</b>	<b>25,000</b>	<b>525,000</b>	<b>325,000</b>
<b>Other</b>						
BLD073 SHQ Museum	191,000		191,000			
	<b>191,000</b>		<b>191,000</b>			
<b>LLAR Accommodation Works</b>						
BLD050 LLAR Accommodation Belle Vale	49,800	49,800				
BLD075 LLAR Accommodation Newton-le-Willd	464,600	114,600	350,000			
	<b>514,400</b>	<b>164,400</b>	<b>350,000</b>			
<b>General Station Upgrade Works</b>						
BLD001 Roofs & Canopy Replacements	303,400	43,400	140,000	40,000	40,000	40,000
BLD004 Concrete Yard Repairs	160,500	30,500	70,000	20,000	20,000	20,000
BLD005 Tower Improvements	66,600	26,600	10,000	10,000	10,000	10,000
BLD013 Non Slip Coating to Appliance Floors	262,000		172,000	30,000	30,000	30,000
BLD014 Boiler Replacements	137,800	27,800	65,000	15,000	15,000	15,000
BLD020 Electrical Testing	204,600	74,600	70,000	20,000	20,000	20,000
BLD031 Diesel Tanks	19,400	19,400				
BLD033 Sanitary Accommodation Refurb.	196,200	21,200	115,000	20,000	20,000	20,000
BLD044 Asbestos Surveys	68,400	8,400	30,000	10,000	10,000	10,000
BLD060 DDA Compliance	253,300	113,300	110,000	10,000	10,000	10,000
	<b>1,672,200</b>	<b>365,200</b>	<b>782,000</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>
<b>Other Works</b>						
BLD007 L.E.V. System in Appliance Rooms	52,500		37,500	5,000	5,000	5,000
BLD018 Conference Facilities SHQ	60,000		45,000	5,000	5,000	5,000
BLD026 Corporate Signage	49,700	19,700	15,000	5,000	5,000	5,000
BLD032 Power Strategy	42,000	22,000	5,000	5,000	5,000	5,000
BLD034 Office Accommodation	138,500	38,500	55,000	15,000	15,000	15,000
BLD053 Headquarters Lighting	22,900	12,900	10,000			
BLD058 HVAC-Heating, Ventilation & Air Con	102,200	62,200			20,000	20,000
BLD061 Lightning Conductors & Surge Prot.	68,000	8,000	45,000	5,000	5,000	5,000
BLD062 Emergency Lighting	64,200	19,200	30,000	5,000	5,000	5,000
BLD067 Gym Equipment Replacement	183,500	103,500	20,000	20,000	20,000	20,000
BLD092 Service Headquarters Offices	98,600	48,600	50,000			
BLD094 Security Enhancement Works	127,800	27,800	25,000	25,000	25,000	25,000
BLD096 Passive Fire Stragety	100,000	20,000	20,000	20,000	20,000	20,000
BLD097 Saughall Massie Wig Wags	100,000	100,000				
TDA001 TDA Refurbishment	42,100	22,100	20,000			
CON001 Energy Conservation Non-Salix	252,900	52,900	140,000	20,000	20,000	20,000
CON002 Energy Conservation Salix	1,800	1,800				
EQU002 Replacement programme for Fridge Fr	73,000	33,000	10,000	10,000	10,000	10,000
EQU003 Furniture Replacement Programme	108,700	38,700	10,000	20,000	20,000	20,000
	<b>1,688,400</b>	<b>630,900</b>	<b>537,500</b>	<b>160,000</b>	<b>180,000</b>	<b>180,000</b>
	<b>45,965,200</b>	<b>15,901,700</b>	<b>28,143,500</b>	<b>360,000</b>	<b>880,000</b>	<b>680,000</b>
<b>Original Budget</b>	<b>39,634,200</b>	<b>32,364,200</b>	<b>5,350,000</b>	<b>360,000</b>	<b>880,000</b>	<b>680,000</b>
<b>Current Programme</b>	<b>45,965,200</b>	<b>15,901,700</b>	<b>28,143,500</b>	<b>360,000</b>	<b>880,000</b>	<b>680,000</b>
<b>Changes</b>	<b>6,331,000</b>	<b>(16,462,500)</b>	<b>22,793,500</b>			

**Buildings Capital Programme 2022/23 to 2026/27**

Type of Capital Expenditure	Total Cost £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
<b>Q3 Movements/Adjustments</b>		<b>(6,109,500)</b>	<b>6,109,500</b>			
<u>Slippage</u>						
BLD001 Roofs & Canopy Replacements		(100,000)	100,000			
BLD004 Concrete Yard Repairs		(50,000)	50,000			
BLD007 L.E.V. System in Appliance Rooms		(32,500)	32,500			
BLD013 Non Slip Coating to Appliance Room Floors		(42,000)	42,000			
BLD014 Boiler Replacements		(50,000)	50,000			
BLD016 Community Station Investment		(30,000)	30,000			
BLD018 Conference Facilities SHQ		(40,000)	40,000			
BLD020 Electrical Testing		(50,000)	50,000			
BLD026 Corporate Signage		(10,000)	10,000			
BLD033 Sanitary Accommodation Refurbishment		(20,000)	20,000			
BLD034 Office Accommodation		(40,000)	40,000			
BLD039 FS Refurbishment Heswall		(90,000)	90,000			
BLD041 FS Refurbishment Aintree		(50,000)	50,000			
BLD044 Asbestos Surveys		(20,000)	20,000			
BLD053 Headquarters Lighting		(10,000)	10,000			
BLD055 FS Refurbishment Bromborough		(200,000)	200,000			
BLD057 FS Refurbishment Crosby		(50,000)	50,000			
BLD061 Lightening Conductors & Surge Protection		(40,000)	40,000			
BLD062 Emergency Lighting		(25,000)	25,000			
BLD063 FS Refurbishment Kirkby		(15,000)	15,000			
BLD090 FS Refurbishment Wallasey		(25,000)	25,000			
BLD091 TDA New Build		(5,000,000)	5,000,000			
BLD092 Service Headquarters Offices		(50,000)	50,000			
BLD095 Electric Vehicle Infrastructure Works		(30,000)	30,000			
CON001 Energy Conservation Non-Salix		(20,000)	20,000			
TDA001 TDA Refurbishment		(20,000)	20,000			
<b>TOTAL MOVEMENTS</b>		<b>6,331,000</b>	<b>(16,462,500)</b>	<b>22,793,500</b>		

**Fire Safety Capital Programme 2022/23 to 2026/27**

<b>Type of Capital Expenditure</b>	<b>Total Cost £</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026/27 £</b>
FIR002 Smoke Alarms (100,000 HFRA target)	<b>1,175,000</b>	235,000	235,000	235,000	235,000	235,000
FIR005 Installation costs (HFRA)	<b>1,875,000</b>	375,000	375,000	375,000	375,000	375,000
FIR006 Deaf Alarms (HFRA)	<b>125,000</b>	25,000	25,000	25,000	25,000	25,000
FIR007 Replacement Batteries (12,000)						
	<b>3,175,000</b>	<b>635,000</b>	<b>635,000</b>	<b>635,000</b>	<b>635,000</b>	<b>635,000</b>
<b>Original Budget</b>	<b>3,175,000</b>	<b>635,000</b>	<b>635,000</b>	<b>635,000</b>	<b>635,000</b>	<b>635,000</b>
<b>Current Programme Changes</b>	<b>3,175,000</b>	<b>635,000</b>	<b>635,000</b>	<b>635,000</b>	<b>635,000</b>	<b>635,000</b>

**ICT Capital Programme 2022/23 to 2026/27**

Type of Capital Expenditure	Total Cost £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
<b>IT002 ICT Software</b>						
Software Licences	10,100	2,100	2,000	2,000	2,000	2,000
New Virtualisation Infrastructure	75,000		75,000			
5 Year Antivirus & Filtering Software	200,000	179,700	20,300			
MDT Software Solution Refresh	100,000		100,000			
Microsoft SQL Upgrade	50,000		50,000			
Logpoint Security Information and Event Mgmt (SIEM)	80,000		80,000			
Microsoft EA Agreement (Servers & Security)	211,800	43,800	42,000	42,000	42,000	42,000
Microsoft EA Agreement (Windows & Office)	1,029,000	213,000	204,000	204,000	204,000	204,000
Microsoft EA Agreement (Application Development)	70,600	14,600	14,000	14,000	14,000	14,000
Logpoint Subscription License	103,000					103,000
	<b>1,929,500</b>	<b>453,200</b>	<b>587,300</b>	<b>262,000</b>	<b>262,000</b>	<b>365,000</b>
<b>IT003 ICT Hardware</b>						
Desktops (target 20%)	218,100	37,800	44,200	40,100	48,000	48,000
Laptops/Surface Pros/Tablets/Docking Stations	418,500	49,400	66,100	62,000	120,500	120,500
Monitors & Monitor Arms (target 20%)	76,300	16,200	18,100	14,000	14,000	14,000
Peripherals replacement (target 20%)	16,250	4,250	3,000	3,000	3,000	3,000
Mobile device replacement (target 20%)	66,850	12,910	16,860	12,360	12,360	12,360
Landline Handset Refresh	10,900	900	10,000			
Audio Visual Conference Facility - SHQ	142,000	137,900	4,100			
Audio Visual Conference Facility - Stations	48,800	44,700	4,100			
New Long Lane Station	22,400		22,400			
Backup Tape Drive 5-year asset refresh	25,000					25,000
IPTV 5-year asset refresh	36,800					36,800
	<b>1,081,900</b>	<b>304,060</b>	<b>188,860</b>	<b>131,460</b>	<b>197,860</b>	<b>259,660</b>
<b>IT005 ICT Servers</b>						
Server/storage replacement (target 20%)	490,600		295,600	65,000	65,000	65,000
Server/storage growth	70,000		28,000	14,000	14,000	14,000
SAN 5 Year Refresh	135,000			135,000		
	<b>695,600</b>		<b>323,600</b>	<b>214,000</b>	<b>79,000</b>	<b>79,000</b>
<b>IT018 ICT Network</b>						
Network Switches/Router replacement	10,000	2,000	2,000	2,000	2,000	2,000
Network Switches/Routers Growth	25,000	5,000	5,000	5,000	5,000	5,000
Network Data Port Replacement	50,000	10,000	10,000	10,000	10,000	10,000
Core Network Switch/Router upgrade	256,100	13,200	42,900	200,000		
MDT Wireless Network Replacement	25,000			25,000		
Public Wi-Fi Replacement	15,000			15,000		
Vesty Road Network Link Refresh	40,000			40,000		
Secondary FireControl backup telephony refresh	40,000			40,000		
PSTN replacement asset refresh	125,000					125,000
Enhanced Virgin Media Network Wireless Access	25,000	25,000				
	<b>611,100</b>	<b>55,200</b>	<b>59,900</b>	<b>337,000</b>	<b>17,000</b>	<b>142,000</b>
<b>IT026 ICT Operational Equipment</b>						
Pagers/Alerters	21,900	5,900	4,000	4,000	4,000	4,000
Callmy Alert	5,500	1,500	1,000	1,000	1,000	1,000
Station Equipment Replacement	54,200	14,200	10,000	10,000	10,000	10,000
Toughpad Asset Refresh - Vehicles	150,000			150,000		
MDT Replacement (Not incl. in ESMCP)	75,000		75,000			
NEW Station End Network Equipment Asset Refresh	140,000				140,000	
Increase in Appliances - Equipment	25,400		25,400			
ICU existing hardware 5-year asset refresh	20,000					20,000
MDT (Screen & CPU) Front Line Vehicles asset refresh	210,000					210,000
Bromborough Station Refurbishment	30,000		30,000			
	<b>732,000</b>	<b>21,600</b>	<b>145,400</b>	<b>165,000</b>	<b>155,000</b>	<b>245,000</b>
<b>IT027 ICT Security</b>						
Remote Access Security FOBS	10,000	2,000	2,000	2,000	2,000	2,000
Celestix 3-year renewal - VPN tokens	44,000		22,000			22,000
	<b>54,000</b>	<b>2,000</b>	<b>24,000</b>	<b>2,000</b>	<b>2,000</b>	<b>24,000</b>

**ICT Capital Programme 2022/23 to 2026/27**

Type of Capital Expenditure	Total Cost £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
<b>Other IT Schemes</b>						
IT019 Website Development	55,700	15,700			40,000	
IT028 System Development (Portal)	119,700	119,700				
IT030 ICT Projects/Upgrades	28,200	8,200	5,000	5,000	5,000	5,000
IT055 C.3.I. C.&C Communication & Information	27,800	7,800	5,000	5,000	5,000	5,000
IT058 New Emergency Services Network (ESN)	54,300	14,300	40,000			
IT059 ESMCP Project Control Room Integration	66,100	66,100				
IT062 Capita Vision 3 Update (CFO/058/17)	171,200	145,300	25,900			
IT063 Planning Intelligence & Performance System	120,000		120,000			
IT064 999 Emergency Streaming (999EYE)	40,000		40,000			
IT065 Dynamic Cover/Response Tool	35,000		35,000			
IT066 ESN Ready	710,000	710,000				
IT067 DCS Upgrade	108,000	108,000				
IT068 Command & Control Suite	501,000		501,000			
FIN001 FMIS/Eproc/Payroll/HR Replacement	253,500		253,500			
	<b>2,290,500</b>	<b>1,195,100</b>	<b>1,025,400</b>	<b>10,000</b>	<b>50,000</b>	<b>10,000</b>
	<b>7,394,600</b>	<b>2,031,160</b>	<b>2,354,460</b>	<b>1,121,460</b>	<b>762,860</b>	<b>1,124,660</b>
<b>Original Budget</b>	<b>7,036,800</b>	<b>3,199,360</b>	<b>828,460</b>	<b>1,121,460</b>	<b>762,860</b>	<b>1,124,660</b>
<b>Current Programme</b>	<b>7,394,600</b>	<b>2,031,160</b>	<b>2,354,460</b>	<b>1,121,460</b>	<b>762,860</b>	<b>1,124,660</b>
<b>Changes</b>	<b>357,800</b>	<b>(1,168,200)</b>	<b>1,526,000</b>			
<b>Q3 Movements/Adjustments</b>	<b>5,750</b>	<b>(1,266,750)</b>	<b>1,272,500</b>			
<u>Slippage</u>						
IT002 ICT Software		(120,300)	120,300			
IT003 ICT Hardware		(47,400)	47,400			
IT005 ICT Servers		(244,600)	244,600			
IT018 ICT Network		(42,900)	42,900			
IT026 ICT Operational Equipment		(55,400)	55,400			
IT058 New Emergency Services Network (ESN)		(40,000)	40,000			
IT059 ESMCP Project Control Room Integration		(25,900)	25,900			
IT063 Planning Intelligence and Performance System		(120,000)	120,000			
IT064 999 Emergency Streaming (999EYE)		(40,000)	40,000			
IT065 Dynamic Cover/Response Tool		(35,000)	35,000			
IT068 Command & Control Suite		(501,000)	501,000			
<u>Virements</u>						
IT026 to IT055		(500)				
IT055 from IT026		500				
<u>RCCO</u>						
IT003			5,750			
<b>TOTAL MOVEMENTS</b>	<b>357,800</b>	<b>(1,168,200)</b>	<b>1,526,000</b>			

**NRAT Reiliance Assets 2022/23 to 2026/27**

<b>Type of Capital Expenditure</b>	<b>Total Cost £</b>	<b>2022/23 £</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026/27 £</b>
OPS055 NRAT Asset Refresh	<b>1,172,600</b>	1,172,600	0	0	0	0
VEH011 NRAT Vehicles	<b>1,000,000</b>	1,000,000	0	0	0	0
	<b>2,172,600</b>	<b>2,172,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Original Budget</b>	<b>2,153,000</b>	<b>0</b>	<b>474,000</b>	<b>1,133,000</b>	<b>316,000</b>	<b>230,000</b>
<b>Current Programme</b>	<b>2,172,600</b>	<b>2,172,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Changes</b>	<b>19,600</b>	<b>2,172,600</b>	<b>(474,000)</b>	<b>(1,133,000)</b>	<b>(316,000)</b>	<b>(230,000)</b>

**Operational Equipment Capital Programme 2022/23 to 2026/27**

Type of Capital Expenditure	Total Cost £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
<b>OPS001 Gas Tight Suits Other PPE</b>						
Gas Tight Suits	31,700	8,700	11,000	6,000	6,000	
Bump Hats	2,000			2,000		
	<b>33,700</b>	<b>8,700</b>	<b>11,000</b>	<b>8,000</b>	<b>6,000</b>	
<b>OPS003 Hydraulic Rescue Equipment</b>						
Hydraulic Rescue Equipment - Replacement Prog	729,000	124,000	85,000	350,000	85,000	85,000
Air Lifting Equipment - Air Bags & Control Units	80,000				80,000	
	<b>809,000</b>	<b>124,000</b>	<b>85,000</b>	<b>350,000</b>	<b>165,000</b>	<b>85,000</b>
<b>OPS005 Resuscitation Equipment</b>						
Resuscitation Rescue Equipment	5,200	2,700	2,500			
Appliance Resuscitation Equipment & Cylinders	15,500	8,000	7,500			
	<b>20,700</b>	<b>10,700</b>	<b>10,000</b>			
<b>OPS009 POD Equipment</b>						
Demountable Unit Refurbishment	77,100	1,400	75,700			
Gas Monitors	19,600	300	19,300			
	<b>96,700</b>	<b>1,700</b>	<b>95,000</b>			
<b>OPS022 Improvements to Fleet</b>						
Improvements to Fleet	161,100	41,100	30,000	30,000	30,000	30,000
PPV Fans	5,500	5,500				
Smoke Blockers	4,100	4,100				
	<b>170,700</b>	<b>50,700</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b>OPS024 BA Equipment/Communications</b>						
BA Cylinder Replacement	271,500	8,900	5,600	257,000		
Telemetry sets	373,000			373,000		
BA Test Rig	10,500	6,500	4,000			
BA Set Batteries	14,100	8,700	5,400			
	<b>669,100</b>	<b>24,100</b>	<b>15,000</b>	<b>630,000</b>		
<b>OPS036 Radiation/Gas Detection Equipment</b>						
Radiation Detection Equipment	45,000	45,000				
Single Gas Detection Equipment	20,000	20,000				
	<b>65,000</b>	<b>65,000</b>				
<b>OPS049 Bulk Foam Equipment</b>						
Bulk Foam Attack Equipment	48,900	48,900				
Bulk Foam Stock	94,100	94,100				
	<b>143,000</b>	<b>143,000</b>				
<b>Other Operational Equipment</b>						
OPS011 Thermal imaging cameras	185,800	10,800	175,000			
OPS016 Gas Detection Equipment (MYRA DS)	45,300		45,300			
OPS023 Water Rescue Equipment	91,000	10,000	36,000	15,000	15,000	15,000
OPS026 Rope Replacement	54,700	9,700	15,000	10,000	10,000	10,000
OPS027 Light Portable Pumps	30,000		30,000			
OPS031 CCTV Equipment	5,000	5,000				
OPS033 Marine Rescue Equipment	66,100	16,100	20,000	10,000	10,000	10,000
OPS034 Operational Ladders	150,000	48,000	57,000	15,000	15,000	15,000
OPS039 Water Delivery Hoses	121,600	30,100	37,500	18,000	18,000	18,000
OPS054 Electrical Equipment	98,000		68,000	10,000	10,000	10,000
OPS058 Operational Drones	31,500	31,500				
	<b>879,000</b>	<b>161,200</b>	<b>483,800</b>	<b>78,000</b>	<b>78,000</b>	<b>78,000</b>
<b>Hydrants</b>						
HYD001 Hydrants (New Installations)	92,500	18,500	18,500	18,500	18,500	18,500
HYD002 Hydrants (Replacements)	92,500	18,500	18,500	18,500	18,500	18,500
	<b>185,000</b>	<b>37,000</b>	<b>37,000</b>	<b>37,000</b>	<b>37,000</b>	<b>37,000</b>
	<b>3,071,900</b>	<b>626,100</b>	<b>766,800</b>	<b>1,133,000</b>	<b>316,000</b>	<b>230,000</b>
<b>Original Budget</b>	<b>2,784,200</b>	<b>631,200</b>	<b>474,000</b>	<b>1,133,000</b>	<b>316,000</b>	<b>230,000</b>
<b>Current Programme</b>	<b>3,071,900</b>	<b>626,100</b>	<b>766,800</b>	<b>1,133,000</b>	<b>316,000</b>	<b>230,000</b>
<b>Changes</b>	<b>287,700</b>	<b>(5,100)</b>	<b>292,800</b>			



**Operational Equipment Capital Programme 2022/23 to 2026/27**

Type of Capital Expenditure	Total Cost £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
<b>Q3 Movements/Adjustments</b>		<b>(292,800)</b>	<b>292,800</b>			
<u>Slippage</u>						
OPS001 Gas Tight Suits Other PPE		(5,000)	5,000			
OPS005 Resuscitation Equipment		(10,000)	10,000			
OPS009 POD Equipment		(95,000)	95,000			
OPS016 Gas Detection Equipment (MYRA DS)		(33,300)	33,300			
OPS023 Water Rescue Equipment		(21,000)	21,000			
OPS024 BA Equipment/Communications		(15,000)	15,000			
OPS026 Rope Replacement		(5,000)	5,000			
OPS027 Light Portable Pumps		(30,000)	30,000			
OPS033 Marine Rescue Equipment		(10,000)	10,000			
OPS034 Operational Ladders		(40,000)	40,000			
OPS039 Water Delivery Hoses		(20,500)	20,500			
OPS054 Electrical Equipment		(8,000)	8,000			
<u>Virements</u>						
OPS005 to OPS003		(39,000)				
OPS003 from OPS005		39,000				
OPS022 to OPS031		(5,000)				
OPS031 from OPS022		5,000				
OPS058 to OPS022		(500)				
OPS022 from OPS058		500				
OPS052 to OPS023		(16,000)				
OPS023 from OPS052		16,000				
<b>TOTAL MOVEMENTS</b>		<b>287,700</b>	<b>(5,100)</b>	<b>292,800</b>		

**Vehicles Capital Programme 2022/23 to 2026/27**

Type of Capital Expenditure	Price Per Unit	Total		2022/23		2023/24		2024/25		2025/26		2026/27	
		Unit	Cost £	Unit	£	Unit	£	Unit	£	Unit	£	Unit	£
<b>VEH002 Ancillary Vehicles</b>													
Cars													
Pool Cars - Skoda Fabia	15,050	16	240,800	16	240,800								
Pool Cars - Possible Electric	18,000	19	342,000					19	342,000				
Officer Response Cars - 2020/21 Price	22,650	7	158,550			7	158,550						
Officer Response Cars - 2025/26 Price	30,000	13	390,000	6	180,000					7	210,000		
4x4s - Isuzi	24,000	4	96,000	3	72,000			1	24,000				
Vans													
Master/Transit Panel 1	23,850	1	23,850					1	23,850				
Master/Transit Panel 2	33,500	4	134,000	4	134,000								
Panel Van	22,000	1	22,000							1	22,000		
Panel Van - RTC reduction	31,000	1	31,000							1	31,000		
Courier van	25,000	4	100,000									4	100,000
Dog Van Mercedes Vito	49,775	1	49,775	1	49,775								
Water Rescue Van	35,000	1	35,000							1	35,000		
Mini Buses													
Fire Service - Blue Light	32,000	1	32,000							1	32,000		
Princes Trust - Disabled Access	32,000	1	32,000			1	32,000						
Princes Trust	24,900	3	74,700			3	74,700						
			<b>1,761,675</b>		<b>676,575</b>		<b>265,250</b>		<b>389,850</b>		<b>330,000</b>		<b>100,000</b>
<b>VEH004 Special Vehicles</b>													
CPL - Aerial Appliance	793,900	2	1,587,800	2	1,587,800								
Prime Movers/POD Long Term Capablity Mment	168,050	3	504,150	1	168,050	2	336,100						
ICU	650,000	1	650,000			1	650,000						
BA Support Unit (POD) - NEW	250,000	1	250,000	1	250,000								
Crew Van for Drone	32,000	1	32,000	1	32,000								
Wildfire Appliance 4x4	50,000	2	100,000			2	100,000						
TDA Road Sweeper	83,650	1	83,650	1	83,650								
Curtain Sided Truck (Driving School)	86,000	1	86,000			1	86,000						
Water Rescue Unit	54,000	1	54,000	1	54,000								
Crane Lorry	200,000	1	200,000			1	200,000						
Water Bowser Appliance	275,000	1	275,000	1	275,000								
			<b>3,822,600</b>		<b>2,450,500</b>		<b>1,372,100</b>						
<b>VEH001 Fire Appliances</b>													
Heavy Rescue Vehicle - Slippage CAP2029	233,500	1	121,400	1	121,400								
2021/22 Price CAP1971	284,000	4	484,700	4	484,700								
2024/25 Price	290,000	3	870,000					3	870,000				
2025/26 Price	296,000	3	888,000							3	888,000		
NEW Electric Fire Appliances	600,000	1	600,000							1	600,000		
			<b>2,964,100</b>		<b>606,100</b>				<b>870,000</b>		<b>1,488,000</b>		
<b>Other Vehicles</b>													
VEH005 Water Strategy Vehicles			16,400		16,400								
VEH010 Marine Rescue Vessels			357,500		57,500		300,000						
			<b>373,900</b>		<b>73,900</b>		<b>300,000</b>						
<b>WOR001 Workshop Equipment</b>													
Equipment			43,100		13,100		20,000		10,000				
Rolling Road Replacement (MOT bay)			10,000						10,000				
Smoke Analyser (MOT bay)			8,000						8,000				
Smoke Analyser (HGV)			10,000		10,000								
Workshop Equip Somers vehicle Lift.	20,000	2	40,000	2	40,000								
4 Post Vehicle Lift	20,000	2	40,000									2	40,000
			<b>151,100</b>		<b>63,100</b>		<b>20,000</b>		<b>28,000</b>				<b>40,000</b>
			<b>9,073,375</b>		<b>3,870,175</b>		<b>1,957,350</b>		<b>1,287,850</b>		<b>1,818,000</b>		<b>140,000</b>
<b>Original Budget</b>			<b>9,185,775</b>		<b>5,211,275</b>		<b>700,650</b>		<b>1,315,850</b>		<b>1,818,000</b>		<b>140,000</b>
<b>Current Programme</b>			<b>9,073,375</b>		<b>3,870,175</b>		<b>1,957,350</b>		<b>1,287,850</b>		<b>1,818,000</b>		<b>140,000</b>
<b>Changes</b>			<b>(112,400)</b>		<b>(1,341,100)</b>		<b>1,256,700</b>		<b>(28,000)</b>				
<b>Q3 Movements</b>			<b>(18,000)</b>		<b>10,000</b>				<b>(28,000)</b>				
Virements													
VEH001 to VEH002 price increases			<b>(82,200)</b>		<b>(82,200)</b>								
VEH004 to VEH002 price increases			<b>(46,300)</b>		<b>(46,300)</b>								

**Vehicles Capital Programme 2022/23 to 2026/27**

Type of Capital Expenditure	Price Per Unit	Total		2022/23		2023/24		2024/25		2025/26		2026/27	
		Unit	Cost £	Unit	£	Unit	£	Unit	£	Unit	£	Unit	£
<u>Budget Adjustments</u>													
VEH002 Pool Cars - Skoda Fabia price increase	2,050	15	30,750	15	30,750								
Officer Response Cars price increase	7,350	6	44,100	6	44,100								
Master Panel Van price increase	9,650	4	38,600	4	38,600								
VEH002 Pool Cars -	18,000	(1)	(18,000)					(1)	(18,000)				
VEH002 Pool Cars - Skoda Fabia additional vehi	15,050	1	15,050	1	15,050								
<u>Slippage from 24/25</u>													
WOR002 Smoke Analyser (HGV)					10,000				(10,000)				
<b>TOTAL MOVEMENTS</b>			<b>(112,400)</b>		<b>(1,341,100)</b>		<b>1,256,700</b>		<b>(28,000)</b>				

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<b>MERSEYSIDE FIRE AND RESCUE AUTHORITY</b>			
<b>MEETING OF THE:</b>	<b>AUDIT COMMITTEE</b>		
<b>DATE:</b>	<b>9 FEBRUARY 2023</b>	<b>REPORT NO:</b>	<b>CFO/59/22</b>
<b>PRESENTING OFFICER</b>	<b>IAN CUMMINS, DIRECTOR OF FINANCE AND PROCUREMENT</b>		
<b>RESPONSIBLE OFFICER:</b>	<b>IAN CUMMINS</b>	<b>REPORT AUTHOR:</b>	<b>IAN CUMMINS</b>
<b>OFFICERS CONSULTED:</b>	<b>STRATEGIC LEADERSHIP TEAM</b>		
<b>TITLE OF REPORT:</b>	<b>INTERNAL AUDIT PROGRESS REPORT - APRIL TO DECEMBER 2022</b>		
<b>APPENDICES:</b>	<b>APPENDIX A:</b>	<b>AUDIT PLAN</b>	
	<b>APPENDIX B:</b>	<b>INTERNAL AUDIT PROGRESS REPORT</b>	

## Purpose of Report

1. To inform Members of the work of Internal Audit for the period April to December 2022.

## Recommendation

2. It is recommended that Members note the contents of this report.

## Introduction and Background

3. Internal Audit – Definition;

*“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”(Source: Public Sector Internal Audit Standards).*

4. The Authority has a statutory duty to ensure that it maintains an adequate and effective system of Internal Audit of its accounting records and control systems, (Accounts and Audit Regulations 2015). In order to fulfil this statutory requirement the Authority has entered into a contract with Liverpool City Council’s Internal Audit Service. The Authority has utilised Liverpool City Council’s Internal Audit Service (LCC IAS) since 1986. LCC IAS has established an Internal Audit Charter (IAC) and Quality Assurance & Improvement Programme (QAIP) to ensure compliance with the Public Sector Internal Audit Standards (PSIAS) and that LCC IAS delivers to the Authority an effective high quality service.

5. Each year the Service produces an Internal Audit Plan that goes to the Audit Committee for approval. The plan is based upon an assessment of risks, previous audit findings and the relationship with External Audit work. The two main strategic areas of work are:
  - a) A review of fundamental financial systems and processes, and
  - b) Specific project reviews requested by the Service.
6. Members of the Audit Committee approved the 2022/23 plan at their meeting on 7 June 2022, CFO/020/22. The plan is attached to this report as Appendix A.
7. The purpose of this report is to inform Members of the work of Internal Audit for the period April to December 2022 and the progress made against the approved Internal Audit Plan. The progress report is attached to this report as Appendix B. Although no significant control or compliance issues have been identified to date most of the planned audit work has yet to be undertaken. Work on the fundamental systems is carried out at the end of the financial year to fit in with the reliance external audit can place on the key financial systems. The timing of the strategic reviews reflects the point in the year when these initiatives will have progressed sufficiently to allow audit to examine what has been achieved to date.
8. Members of the Audit Committee will receive a report after the year-end on actual performance against the audit plan.

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**Equality and Diversity Implications**

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9. None contained within this report.

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**Staff Implications**

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10. None contained within this report.

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**Legal Implications**

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11. The Authority has a statutory duty to ensure that it maintains an adequate and effective system of Internal Audit of its accounting records and control systems. (Accounts and Audit Regulations 2015).

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**Financial Implications & Value for Money**

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12. The annual cost of the audit is £35,500 and is contained within the approved budget for audit services.

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**Risk Management, Health & Safety, and Environmental Implications**

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13. None contained within this report.

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**Contribution to Our Vision:** *To be the best Fire & Rescue Service in the UK.*

Our Purpose: *Here to serve, Here to protect, Here to keep you safe.*

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14. Internal Audit assists in the evaluation and enhancement of sound internal control arrangements that contribute towards ensuring the Authority's mission and approved policies and plans continue to drive decision making within the service.

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**BACKGROUND PAPERS**

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**CFO/020/22** "2022/23 Internal Audit Pan" Audit Committee 7 June 2022.

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**GLOSSARY OF TERMS**

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**STRATEGIC AUDIT PLAN 2022/23**

		22/23	22/23
		Audit Days	Audit Days
	<b>Fundamental Financial Systems</b> (general ledger, payroll, creditors/debtor systems etc)		<b>40</b>
	<b>Strategic Reviews / Client directed / Ad hoc reviews</b>		
1	<b>Asset Registers</b> – review documentation/ processes in individual fire stations, prevention and protection directorates including the stock management processes	20	
2	<b>Ancillary Vehicles</b> – review of use and management of vehicles.	10	
3	<b>Governance of Contracts managed by a 3<sup>rd</sup> Party</b> (review control measures to ensure MFRA officers engaged in contract succession arrangements)	5	
3	<b>Ethics</b> – compliance review of processes (declarations of interests & gifts & hospitality )	5	
4	<b>Overall Governance</b> - assurance on the adequacy of governance arrangements, through our review of the minutes of SLT and the Authority.	5	
4	<b>Counter Fraud Policies (c/fwd 21/22)</b>	6	
5	<b>Cyber Security (c/fwd 21/22)</b>	6	
	<b>Strategic Reviews / Client directed / Ad hoc reviews</b>		<b>97</b>
	<b>Contingency - Investigations/Responsive / Advice &amp; Assistance</b>		<b>14</b>
	<b>Follow up on implementation of previous audit recommendations.</b>		<b>5</b>
	<b>Audit Management</b>		<b>8</b>
	<b>Total Planned Days</b>		<b><u>124</u></b>

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Internal Audit Service

**Merseyside Fire & Rescue Service -  
Internal Audit Progress Report 2022/23  
January 2023**



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The matters raised in this report are the ones that came to our attention during our internal audit work. While every care has been taken to make sure the information is as accurate as possible, internal audit has only been able to base these findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be needed. This report was produced solely for the use and benefit of Merseyside Fire and Rescue. The council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

**1. Introduction**

- 1.1 The Accounts and Audit Regulations require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards (PSIAS).
- 1.2 This progress report forms part of the framework of assurances that is received by the Audit Committee and is used to help inform Internal Audit’s Annual Opinion, the Annual Governance Statement and to assist the Audit Committee in discharging its remit to consider reports on Internal Audit’s performance during the year.
- 1.3 Internal audit’s professional responsibilities as internal auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board.

**2. Audit Work Completed up to January 2023**

- 2.1 The table below summarises the work completed during the financial year up to January 2023. This includes previous year’s work that was yet to be finalised at the time of the annual opinion in May 2022. The majority of the fundamental systems work is scheduled to take place between now and the end of April. Ordinarily, this work is performed in the final quarter to provide assurance on the control environment across the full financial year.
- 2.2 The audit opinion formed in respect of individual audits is separated between the control environment (the controls in place) and compliance (whether or not the controls have been adhered to). The corporate impact opinion is a measure of the significance of the findings to the organisation as a whole. An explanation of the level of assurance and corporate impact ratings are detailed below at section 6. None of these audits has resulted in a limited or no assurance opinion.

*Table 1: Audits completed up to January 2023*

Audit Title	Control Environment	Compliance	Corporate Impact
Review asset management of ICT devices and phones (old year)	Good	Acceptable	Minor
Walk-through current data flow for POD/Payroll/Finance (old year)	Draft	Draft	Draft
Audit Title	Control	Compliance	Corporate

	Environment		Impact
Governance of Contracts managed by a 3 <sup>rd</sup> Party	Good	Good	Minor
Counter Fraud Policies (old year)	ongoing	ongoing	ongoing

**Definition**

\*Draft - Draft report issued and awaiting management response prior to final opinion being issued.

- 2.3 **Review asset management of ICT devices and phones** - The scope of the review included a consideration of the accuracy of the ICT asset register; including whether there is a nominated officer responsible for maintaining it. That new stock and obsolete stock is added / removed from the asset register and that disposals are in line with industry standards. There is generally a sound system of internal control in place. There were some areas of improvement in relation to leavers' equipment, which should be returned to Telent in line with the contractual arrangements for them to be 'wiped' and reused where appropriate, rather than be retained by the relevant department.
- 2.4 **Walk-through current data flow for POD/Payroll/Finance** - This was a review of the data flow for POD/Payroll/Finance to consider potential improvements, improve integration and the automation of information. To reduce double entry and utilise workflows to improve efficiency and effectiveness. The audit is currently in review so it would be inappropriate at this stage to provide an overall opinion.
- 2.5 **Governance of Contracts managed by a 3<sup>rd</sup> Party** – This was a review of control measures to ensure MFRA officers engaged in contract succession arrangements following an MFRA contract managed by Liverpool City Council not being renewed prior to Scottish Power closing its trade desk and subsequently withdrawing from the industrial and commercial energy market. This resulted in LCC and thus MFRA being subject to a standard variable rate from 1<sup>st</sup> April 2022, resulting in significantly increased costs. The review identified that there is generally a sound system of internal control in place for the governance of such contracts.
- 2.6 **Counter fraud Policies** - Internal Audit is currently reviewing the authority's counter fraud policies to provide advice and support on whether any updates are necessary.
- 2.7 **Contingency/Responsive/Advice and Assistance** - No contingency / responsive work was identified this financial year; however the fundamental system audits performed required more time than initially envisaged. The contingency budget was used to complete this programmed work.

### 3. Audits in Progress up to January 2023

- 3.1 The core financial systems reviews have now commenced and are on target for completion for the financial year end.
- 3.2 The following audits are scheduled to be performed in March:

*Table 2: Remaining audits in 2022-2023 audit plan*

Audit Title
<b>Asset Registers</b> – review documentation/ processes in individual fire stations, prevention and protection directorates including the stock management processes
<b>Ancillary Vehicles</b> – review of use and management of vehicles.
<b>Ethics</b> – compliance review of processes (declarations of interests & gifts & hospitality )
<b>Overall Governance</b> - assurance on the adequacy of governance arrangements, through our review of the minutes of SLT and the Authority.
<b>Cyber Security</b>

### 4 Follow up of recommendations

- 4.1 Where applicable, Internal Audit reports will include action plans detailing recommendations for improvement supported by agreed management actions. An officer is nominated with responsibility for each recommendation and an implementation date agreed.
- 4.2 Internal audit follow up actions arising from both planned and unplanned audit work to ensure that where recommendations have been made, they have been implemented.
- 4.3 Audit recommendations are graded as medium, high or essential/strategic with the latter being the most critical and indicating, for example, an absence or failure of a fundamental control where there is no compensating control. Internal Audit aims to follow up all essential / strategic recommendations within a month of their target implementation date, and all high and medium recommendations within three months.
- 4.4 There are existing recommendations relating to two areas that have either changed systems or due to the age require an audit revisit to determine the applicability of the recommendations. Both areas are due to be reviewed as part of the 2022/23 internal audit plan; asset registers and ancillary vehicles;
  - 1. As part of our planned asset management audit we will perform a review to identify whether previous devolved arrangement

recommendations around the management of operational equipment held on stations have been superseded and identify whether there are any further areas of risk.

2. The COVID-19 pandemic necessitated different working practices within departments disseminated to new locations with movement of staff and vehicles. A pool system was put in place for the vehicles used by departments in SHQ with the service looking to reduce the number of vehicles used but increase in usage and efficiency. The planned review of ancillary vehicles will consider whether the recommendations have since been superseded.

- 4.5 More recent recommendations made will be followed up as they fall due. A full position statement on outstanding recommendations will be reported as part of the annual audit opinion in June.

## 5 Internal Audit Performance

### Compliance with professional standards

Internal Audit employ a risk-based approach in planning and conducting audit assignments. Work is performed in accordance with PSIAS

### Conflicts of Interest

There have been no instances during the period which have impacted on Internal Audit's independence

### Internal Audit Quality Assurance

To ensure the quality of the work performed, Internal Audit have a programme of quality measures which includes:

- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular networking with professional / technical bodies and peers

### Performance Measures

- Percentage delivery of audit plan (target 100%), actual - 13% against profiled target of 25% ●
- Delivery of audits within agreed timescales (target 100%) actual – 0 ● *based upon small numbers*
- Delivery of an annual audit plan in good time to advise the Annual Governance Statement – Annual indicator but on track ●
- Auditees confirmation that audit reports address the key issues – awaiting return of auditee feedback forms ●



## 6. Guidance on assurance levels

<b>Control Environment Assurance</b> – Opinion on the design and suitability of the current internal controls.	
<b>Level</b>	<b>Definition</b>
<b>Substantial</b>	There are minimal control weaknesses that present very low risk to the control environment
<b>Good</b>	There are minor control weaknesses that present low risk to the control environment
<b>Acceptable</b>	There are some control weaknesses that present a medium risk to the control environment
<b>Limited</b>	There are significant control weaknesses that present a high risk to the control environment
<b>None</b>	There are fundamental control weaknesses that present unacceptable level of risk to the control environment

<b>Compliance Assurance</b> – Opinion on the level of compliance with current internal controls.	
<b>Level</b>	<b>Definition</b>
<b>Substantial</b>	The control environment has substantially operated as intended.
<b>Good</b>	The control environment has largely operated as intended although some minor errors have been detected
<b>Acceptable</b>	The control environment has mainly operated as intended although errors have been detected
<b>Limited</b>	The control environment has not operated as intended. Significant errors have been detected
<b>None</b>	The control environment has fundamentally broken down and is open to significant error or abuse

<b>Organisational impact</b> – The potential impact on the organisation if the recommendations are not implemented.	
<b>Level</b>	<b>Definition</b>
<b>Major</b>	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
<b>Moderate</b>	The weaknesses identified during the review have left the Council open to moderate risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.

<b>Minor</b>	The weaknesses identified during the review have left the Council open to a low level of risk. If the risk materialises it would have a minor impact on the organisation as a whole.
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