



Safest People, Safest Places

Combined Fire Authority

20 January 2025

Notes of the Audit and Finance Committee held on 27 November 2024

Report of the Chair of the Audit and Finance Committee

Members Present: Cllr R Bell in the Chair
Cllrs B Kellett, A Batey, J Cairns, A Anderson

Purpose of the report

1. The purpose of this report is to provide members with an update on the discussions and recommendations of the Audit and Finance Committee held on 27 November 2024.

Internal Audit Progress Report

2. Members were updated on the work carried out by Internal Audit and providing assurance on the effectiveness of the Combined Fire Authority's control environment, risk management and corporate governance arrangement in place.

Members considered and noted the Quarter 2 internal audit position.

Corporate Governance Action Plan Update

3. KLazzari presented the Corporate Governance Action Plan, which is reviewed quarterly by the Senior Leadership Team. All actions were currently on-going, areas highlighted:

Action 2 – regarding pay awards - The MTFP is based upon increases in pay awards of 3% in 2024/25 and 2025/26 and 2% thereafter. The MTFP deficit position could change dramatically if pay awards are agreed above this level.

Action 4 – The Service has recently entered into a collaboration with 3 other FRSs for a shared Emergency Mobilisation and Control system which has enabled the system supplier to deliver efficiencies in the solution and increased resilience for all 4 services.

Members were asked to note the update.

Corporate Risk Register

4. KLazzari presented details of the Corporate Risk Register, currently 6 risks have been identified.

FIN152 – reduced risk - as MTFP currently showing as balanced in 2024/25 and 2025/26.

FIN153 – reduced risk – MTFP assumptions are being monitored and pay awards for 2024/25 can be managed within the budget.

AAnderson asked what the impact of a 1% pay increase on MTFP currently would cost, THope informed the committee it would be a £297k increase.

Members were requested to **note** the report.

Forecast of Outturn 2024/25 Quarter 2

5. THope presented the report which provides an indication of the Service's revenue and capital financial outturn position based upon expenditure and income to the 30 September 2024.

Based upon expenditure and income to 30 September 2024, the forecast revenue outturn position to the 31 March 2025 is an underspend of £0.268M (0.76%).

At this stage no further borrowing is anticipated during 2024/25.

No areas of concern were raised.

Members were asked to **note** the report.

Short-term Investments and Long-Term Borrowing Quarter 2

6. THope presented the short-term investments and Long-Term Borrowing for Quarter 2 report. He highlighted the following:
 - Interest of £276,402.40 has been earned up to the 30 September 2024 which is above the budgeted amount of £75,000.00 for the year to date.
 - Short-term investment balance of £15,818,000 as at 30 September 2024.
 - Long-term borrowing – outstanding principal balance of £4,859,134.69.

Members **noted** content of the report.

2025/26 Budget and Medium-Term Financial Plan

7. Members received an update on the financial pressures facing the Authority which include the impact of unfunded pay awards, rising energy and utility costs and a lack of funding for capital investment. Although the Authority's financial position has improved following the identification of savings through budget challenge, increased interest receipts and the implementation of riding with four, there are risks in our current MTFP assumptions particularly around pay. The Committee were reminded of the uncertainty surrounding future funding and the reliance on council tax receipts which now account for over 60% of the Authority's funding.

The settlement will be announced 19 December 2024 and this will be 1 year funding settlement then going forward it would be multi-year funding.

Members **noted** the content of the report.

County Durham and Darlington Fire and Rescue Authority Audit Progress Report November 2024

8. Audit work is ongoing with 3 key risk areas, which would apply to any service not just Fire.
 - Management override of controls
 - Net defined benefit liability valuation
 - Valuation of property, plant and equipment.

There are currently no matters which need bringing to the attention of the Committee, planned timescales are within the audit report which they intend to deliver ahead of the February 2025 backstop deadline.

Discussion took place around the February 2025 deadline.

The committee are very mindful of the possibility of not being able to meet the February 2025 deadline. However, they remain concerned about the impact of delays in the completion of the audit and urged Mazars to do everything possible to meet the deadline. The Committee understand the position Mazars are in with regard to queries they are submitting to staff and the time involved in processing these. THope assured the Committee that audit queries will be dealt with as a priority.

The audit update was **noted** by the members.

PART B

Outstanding Audit Recommendations Quarter ended 30 September 2024

9. NCooke updated the committee that there were 5 recommendations that were overdue and had revised target dates now.

The report was **noted** by the members.

Recommendation

10. Members are requested to note the report.