# ESSEX FIRE AUTHORITY
## Essex County Fire & Rescue Service

## Audit, Governance and Review Committee Agenda

| 14:00 | Wednesday, 15 July 2015 | Fire HQ, Kelvedon Park, |
|---|---|---|

**Quorum: one third of the Committee's membership (5)**

**Membership**

| | |
|---|---|
| Councillor John Knapman | Chairman |
| Councillor Alan Bayley | |
| Councillor Graham Butland | |
| Councillor Mark Coxshall | |
| Councillor Michael Danvers | |
| Councillor Carlo Guglielmi | |
| Councillor Ivan Henderson | |
| Councillor Paul Honeywood | |
| Councillor Michael Hoy | |
| Councillor Maggie McEwen | |
| Councillor James Moyies | |
| Councillor Colin Seagers | |
| Councillor Anne Turrell | |
| Councillor Julian Ware-Lane | |
| Councillor Andy Wood | |

**For information about the meeting please ask for:**
**Judith Dignum (Committee Services Manager, Essex County Council)**
**03330134579 / judith.dignum@essex.gov.uk**

**Essex Fire Authority and Committees Information**

Meetings of the Authority and its committees are open to the press and public, although they can be excluded if confidential information is likely to be considered.

Meetings are held at Essex County Fire and Rescue Service Headquarters, Kelvedon Park, Rivenhall, Witham, CM8 3HB.  A map can be found on the Essex County Fire and Rescue Service's website (www.essex-fire.gov.uk); from the Home Page, click on 'Contact Us'.

There is ramped access to the building for wheelchair users and people with mobility disabilities.

Please report to Reception when you arrive.  The meeting rooms are located on the ground and first floors of the building and are accessible by lift where required.

If you have a need for documents in an alternative format, in alternative languages or in easy read please contact the Committee Services Manager (contact details on the front page) before the meeting takes place.  If you have specific access requirements please inform the Committee Services Manager before the meeting takes place.

The agenda is also available on the Essex County Fire and Rescue Service website, (www.essex-fire.gov.uk).   From the Home Page, click on 'Essex Fire Authority', then scroll down the page and select the relevant documents.

**Part 1**

(During consideration of these items the meeting is likely to be open to the press and public)

**Pages**

# Exempt Items

(During consideration of these items the meeting is not likely to be open to the
press and public)

To consider whether the press and public should be excluded from the meeting
during consideration of an agenda item on the grounds that it involves the likely
disclosure of exempt information as specified in Part I of Schedule 12A of the
Local Government Act 1972 or it being confidential for the purposes of Section
100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances,
the public interest in maintaining the exemption (and discussing the matter in
private) outweighs the public interest in disclosing the information.

**16     Urgent Exempt Business**
To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

# ESSEX FIRE AUTHORITY
## Essex County Fire & Rescue Service

**Minutes of a Meeting of the Essex Fire Authority Audit, Governance & Review Committee held on Wednesday 22 April 2015 at 2.00pm**

**Present:**

| | |
|---|---|
| Councillor J Knapman | Chairman |
| Councillor B Aspinell | |
| Councillor A Bayley | |
| Councillor G Butland | |
| Councillor P Honeywood | |
| Councillor T Kelly | |
| Councillor M McEwen | |
| Councillor C Seagers | |
| Councillor P Wexham | |

The following Officers were present in support throughout the meeting:

| | |
|---|---|
| Adam Eckley | Acting Chief Fire Officer |
| Dave Bill | Assistant Chief Fire Officer - Operations |
| Glenn McGuiness | Deputy Director of Finance |
| Lindsey Stafford-Scott | Director of Human Resources and Organisational Development |
| Shirley Jarlett | Deputy Clerk and Monitoring Officer |
| Suzanne Lane | Baker Tilly (Internal Auditors) |
| Martina Lee | Ernst and Young (External Auditors) |
| Judith Dignum | Secretary to the Committee |

Apologies for absence were received from Councillors M Danvers, A Erskine, C Guglielmi, I Henderson and A Wood.

## 1. Minutes

The minutes of the meeting held on 21 January 2015 were agreed as a correct record and signed by the Chairman.

## 2. Declarations of Interest

The Chairman reminded Members that they should declare any interests at this point or during consideration of the appropriate agenda item.

3. **Audit Recommendations**

The Committee considered report EFA/036/15 by the Finance Director and Treasurer (presented by the Deputy Director of Finance) which provided an update on progress against the action plans developed by the Service in response to audit reports. Items marked as completed in the previous quarter's report had been deleted from the table.

The report was noted and Members expressed satisfaction with the progress being made.

4. **Audit Reports**

The Committee considered report EFA/037/15 by the Finance Director and Treasurer (presented by the Deputy Director of Finance) which presented for review the following three internal audit reports:

- Communications
- Budgetary Control
- Key Financial Controls

Members were pleased to note the Audit Conclusion of Substantial Assurance with regard to Budgetary Control and Key Financial Controls and congratulated the officers concerned.

The following information was provided in response to Members' questions:

- A report on pensions discretions would be included on the agenda for the Committee's next meeting.

- The need to remain up-to-date with regard to legislative and other changes in practice, and to take action as required, was identified as part of the Authority's Risk Strategy

- At the meeting of the Fire Authority on 11 February, a task and finish group had been established to consider the issue of policies relating to investment and reserves. The Finance Director and Treasurer was the lead officer for the group, which would meet some time after the General Election on 7 May.

- In the light of the Audit Conclusion of 'Reasonable Assurance' with regard to Communications, the Committee asked to receive a report to its next meeting concerning progress on actions to address the recommendations contained within the report.

**Resolved:**

1. That the internal audit reports on Communications, Budgetary Control and Key Financial Controls be noted.

2. That, in the light of the Audit Conclusion of 'Reasonable Assurance' with regard to Communications, a report be submitted to the next meeting of the Committee concerning progress on actions to address the recommendations contained within the report.

## 5. Internal Audit Progress Report April 2015

The Committee considered report EFA/038/15 by the Finance Director and Treasurer which provided an update on progress against the internal audit action plan, attached to the report as an appendix.

In commenting on the report, Ms Lane of Baker Tilly advised that the position was unchanged since the last meeting in that no issues had been identified which were likely to result in a qualified or negative annual opinion.

The report was noted.

## 6. Internal Audit Plan 2015/16

The Committee considered report FP/039/15 by the Finance Director and Treasurer which presented the Internal Audit Action Plan for 2015/16.  Suzanne Lane of Baker Tilly responded to Members' comments and questions.

In considering the report, Members noted that the internal audit service provided by Baker Tilly would continue to be led by Daniel Harris, with support from Suzanne Lane, and that the number of days allocated for completion of the necessary work was the same as for the previous year.  It was also noted that the three year strategy would be reviewed in one year's time.

In response to a question, it was clarified that the scope of the audit of Governance would be considered by the Committee at its September meeting, with the audit itself being conducted in Quarter 4 of 2015/16 (January to March 2016).

The Committee commended the report for being easy to read and understand.

**Resolved:**

That the Internal Audit Plan for 2015/16 be received.

## 7. External Audit Plan 2014/15

The Committee considered report FP/040/15 by the Finance Director and Treasurer which presented the Essex Fire Authority External Audit Plan for 2014/15.  Martina Lee of Ernst and Young introduced the report and responded to Members' comments and questions.

The following matters arose from consideration of the report:

- Members noted that the Audit Results Report would be submitted to the September meeting of the Committee, on completion of the 2014/15 Audit.

- An update was given on the latest position concerning the recent issues surrounding the treatment of pension injury payments.  The Committee noted that a decision as to whether the Authority should repay monies to Central Government and if so, the amount concerned, was expected after the General

Election.  Members asked to be kept informed as to progress until the matter had been resolved

- Audit fees were charged according to a scale for all authorities set by the Audit Commission.  The fee charged to the Authority had remained relatively static on the basis that the work involved had stayed largely the same.

- At the request of the Committee, the auditors agreed to consider and report back on the level of return which the Authority obtained on its investments in comparison with other, similar public sector organisations.  The Authority had adopted a risk-averse approach to date, and Members stated that they would welcome information to help them assess whether the current balance between security and increased return was still the most appropriate.

**Resolved:**

1.  That the external audit plan for 2014/15 be received.

2.  That work be undertaken by the external auditors to investigate the level of return which the Authority obtains on its investments in comparison with other, similar public sector organisations, with the findings to be reported to a future meeting of the Committee.

## 8.  The Audit Commission's Closure – An Overview

The Committee considered report FP/041/15 by the Finance Director and Treasurer (presented by the Deputy Director of Finance) which set out the arrangements that had been put in place since the closure of the Audit Commission on 31 March 2015.  This date marked the point at which other organisations became responsible for delivering several of the Commission's functions.

In response to a question, it was noted that the National Audit Office would have responsibility for producing and maintaining the Code of Audit Practice.

## 9.  Organisational Performance Reporting

The Committee considered report EFA/042/15 by the Director of Human Resources and Organisational Development which provided an update on the Service's Performance Reporting.  The report advised that the implementation of the new mobilising system in January 2015 had resulted in the Service experiencing data issues which were having a serious impact on the performance reporting procedure and the ability to report complete performance data.  Due to the level of data issues being experienced, the decision had been taken to pause performance reporting as it was not possible to report accurately on incomplete information.  The Committee was advised that a full and comprehensive report would be submitted to the next meeting.

Arising from consideration of the report, the Committee received an update on the current position with regard to implementation of the new mobilising system.  The following information was provided in response to Members' questions and comments:

- It was acknowledged that the current issues with the new system had gone beyond 'teething' problems.  Work was ongoing with the system supplier to resolve all outstanding faults and ensure that the system was delivered to the standard set out in the contract.  No action would be taken to reintroduce the new system until there was absolute certainty that it would function correctly, and it was not possible to give a likely timescale as to when this would occur.  The situation was similar to that experienced by other fire services when introducing a new system.

- The Committee was assured that, even in the current circumstances, the mobilising system in operation remained as effective as it had been prior to the changes.

- ACFO Bill advised that the mobilisation system databases developed and improved with use.  It would take time for the database on the new system to evolve to the level of that on the old system, which had been in use for many years.

- Officers asked for specific details of an incident referred to by Councillor Aspinell in order to allow them to investigate further.

- Recent industrial action by the Fire Brigades Union had related to changes to shift patterns rather than the introduction of the new mobilising system.

- The Committee noted that potential suppliers of the new system had been required to demonstrate their experience of implementing new mobilising systems as part of the procurement process.  Both the successful contractor and the Service itself had considerable experience, but the large scale and complexity of the current project meant that it had been impossible to foresee and test for every potential eventuality.

- Once correctly functioning, the benefits of the new system were considerable, and would allow the Authority to make the most effective use of its resources, with the potential to improve response times.

**Resolved:**

1.  That it be noted that performance reporting is currently paused for one month while work is undertaken to resolve data issues within the mobilising system, electronic rota book (staff availability system) and the incident recording system.

2.  That a full and comprehensive report be submitted to the next meeting.

3.  That the current position regarding implementation of the new mobilising system be noted.

## 10. Electronic Rota Book

The Committee considered report EFA/043/15 by the Director of Human Resources and Organisational Development which provided an update on the implementation and development of the Electronic Rota Book (ERB) system, together with the next steps required.  It was noted that, although further refinement was needed, all the anticipated

benefits of the ERB application, with the exception of the transition of Flexi-Duty Officers, had been achieved or were planned to be achieved.

In presenting the report, the Director advised that the Service was considering the creation of an interim central resourcing team to help address issues relating to the accuracy of Whole Time resource information being populated on ERB, and the various influences on this, which would require attention in order for the systems to run effectively and deliver all associated benefits.

Arising from consideration of the report, the Committee had a lengthy and detailed discussion regarding cultural issues within the Service and potential ways in which these could be managed.

The report was noted.

## 11. Date of Next Meeting

Members noted that the next meeting of the Committee would take place on Wednesday 15 July 2015 at 2.00pm.

The meeting closed at 3.15pm

Signed……….………………………………………………..

Chairman
15 July 2015

ESSEX FIRE AUTHORITY
Essex County Fire & Rescue Service

| **MEETING** | Audit, Governance & Review Committee | **AGENDA ITEM** **4** |
|---|---|---|
| **MEETING DATE** | 15 July 2015 | **REPORT NUMBER** **EFA/056/15** |
| **SUBJECT** | Audit Recommendation – Report on Progress Against Action Plans | |
| **REPORT BY** | The Finance Director & Treasurer, Mike Clayton | |
| **PRESENTED BY** | The Finance Director & Treasurer, Mike Clayton | |

## SUMMARY

This paper reports on the progress against the action plans developed by the Service in response to audit reports. Items reported as completed in the previous quarter's report have been deleted from the table.

## RECOMMENDATION

Members of the Audit Sub Committee are asked to review the progress.

## BACKGROUND

This report brings forward the progress made by the Service in response to Audit recommendations. It includes those made by the Audit Commission in their annual audit letter, and in internal audit reports. The recommendations in the review of Risk Management are the subject of a separate action plan and a progress report will be made to the next meeting of the Committee.

## RISK MANAGEMENT, LEGAL, FINANCIAL, ENVIRONMENTAL & EQUALITY IMPLICATIONS

There are no risk management, legal, financial, environmental or equality implications from this report.

| LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 | |
|---|---|
| List of appendices attached to this paper: Table of Recommendations | |
| Proper Officer: | Mike Clayton |
| Contact Officer: | The Finance Director and Treasurer Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 mike.clayton@essex-fire-gov.uk |

| Source | Recommendation from Audit report | Original (or amended) Service Action Plan | Responsibility and Timescales | Progress |
|---|---|---|---|---|
| ICT General Controls | All network users should formally agree that they are aware and will comply with the ICT Acceptable Use Policy. | Agreed in principle to automate. Implementation deferred until resources available after completion of the Control Project. | Head of ICT December 2015 | On Track |
| HR Transactional Processes | We would recommend that a workshop is run to identify the HR Transactional processes and to identify opportunities for process simplification and automation. | We will be undertaking a complete review of processes to ensure they remain fit for purpose, under the SAP Next Steps Project. | Head of HR March 2016 | On Track |
| HR Transactional Processes | In relation to the aspect of Frequently Asked Questions (FAQs) there is a need for an overhaul of the current system. | The review of processes will include reviewing the FAQs as a dependency and will include all relevant links<br><br>Where appropriate, the team will signpost staff to the FAQs – an additional sentence will be added to the intranet site to guide staff to do this and the team will ask them if they have accessed the FAQs if they call and send a link to the FAQs if they have e-mailed.<br><br>A process will be introduced to review requests received that cannot be answered via an existing FAQ to introduce new FAQs where appropriate. | Head of HR & OD Call management system to be implemented by September 2015 | Delayed |

| Source | Recommendation from Audit report | Original (<mark>or amended</mark>) Service Action Plan | Responsibility and Timescales | Progress |
|---|---|---|---|---|
| HR Transactional Processes | The training delivered to the HR Team should be formalised to ensure the HR team are fully aware of how to fully utilise the SAP System. The Training should be enhanced to include further technical SAP training. This could be delivered by;<br>☐ Outsourcing specialist SAP training; or<br>☐ Identifying whether a SAP specialist could be employed by the Authority. | SMB have recently approved a business case re next steps for SAP which will address some of the current issues including reporting, a review of training required and a full training programme for all relevant staff. It is expected that this training will be provided in-house from the current Project Manager who is working on the SAP development programme. The Project Manager is also exploring options for SAP reporting and upskilling. | Head of HR & OD<br>July 2015 | Completed |

| Source | Recommendation from Audit report | Original (==or amended==) Service Action Plan | Responsibility and Timescales | Progress |
|---|---|---|---|---|
| HR Transactional Processes | The Authority should develop and adopt a more functional and less manually intensive process for the receipt and management of queries. There will be a need to ensure that a structured and automated workflow/ call system is established to manage the process and include as a minimum; ☐ A Senior Responsible Officer; ☐ RAG rating; ☐ Timescales per query. The reporting functionality should also be reviewed to determine whether automated reports can be run, to ensure accuracy and use of information to inform decision making. | SAP specialist/helpdesk operative would be involved in workflow/call system, call logs, response rates – if this does sit within IT – will need joint working RAG rating/triage for calls/emails will be introduced as part of process review and improvement – this will include SLAs/timescales for responding. | Head of HR & OD Head of ICT ==Call management system to be implemented by September 2015== | Delayed |

| Source | Recommendation from Audit report | Original (or amended) Service Action Plan | Responsibility and Timescales | Progress |
|---|---|---|---|---|
| HR Transactional Processes | The Authority should undertake a 'Phase Two' of the HR Transaction Project to ensure the original PID is delivered.<br><br>A separate Project Initiation Document (PID) should be drafted for the Phase Two piece of work and the Benefits identified within the original PID should be substantiated. The measures must also be quantified to ensure the Authority can identify whether all benefits have been realised. | The next steps project for SAP will address these issues. This is expected to be a 12 – 18 month project, so benefits realisation will be subject to the project milestones which are yet to be scoped and agreed. | Head of HR & OD<br>March 2016 | On Track |
| Communications | The Head of Communication should devise three separate strategies and implementation plans, demonstrating outcomes and performance measures for the following:<br>☐ Corporate Public Relations;<br>☐ Employee Engagement; and<br>☐ Community Safety.<br><br>These documents should be approved at the Strategic Management Board, and then disseminated to staff via the Service intranet. | A restructure to give the Head of Corporate Communications strategic lead on these activities and professionalise the department with resources to deliver these three key strands of activity have been agreed and recruitment process is under way with funding from April 2014/15. Work to develop these strategies to support strategic ambitions of the Service is already under way. | Head of Corporate Communications<br>Staff sickness has delayed this until September 2015 | Delayed |
| Communications | The Communications governance structure needs to | This proposal was put forward by the Head of Corporate | Head of Corporate Communications | Delayed |

| Source | Recommendation from Audit report | Original (or amended) Service Action Plan | Responsibility and Timescales | Progress |
|---|---|---|---|---|
| | be established for each of the three work streams:<br>☐ Corporate Public Relations;<br>☐ Employee Engagement; and<br>☐ Community Safety.<br><br>This structured needs to demonstrate the relationship between each individual and group. | Communications to introduce wider governance from within the SMB team with the benefit of ensuring more cohesive communications activities with consistent messages delivered to all stakeholders and all three strategies working together. Expanding reporting lines will also assist SMB in presenting a collective narrative. CFO to maintain line management for Corporate PR, Director HR & OD for Employee Engagement and Director Safer and Resiient Communities for Community Safety marketing | Staff sickness has delayed this until September 2015 | |
| Communications | The Fire Service should ensure there is an appropriate process for managing the Communications Plans for each project implemented. This should include:<br>☐ An approval process, during project initiation, from the Head of Corporate Communications for each Project; and<br>☐ Monitoring of the Communications Plan of the project. | This process is in place for major programme boards but a number of projects undertake communications activities beyond the oversight of the professional Corporate Communications team. This approach will ensure corporate scrutiny and provide more corporate context and alignment, maximising opportunities to share corporate lines. Will require buy in, particularly from operational side of the organisation. First step to consider communication implications in meeting papers and as part of all project planning. Additional resources will allow introduction of greater governance around | Head of Corporate Communications December 2015 | On Track |

| Source | Recommendation from Audit report | Original (or amended) Service Action Plan | Responsibility and Timescales | Progress |
|---|---|---|---|---|
| | | communications activity | | |
| Communications | The Fire Service need to ensure that it has appropriate policies, procedures and/or protocols in place governing the key channels of external communications, such as the media, press releases, 'images as incidents' and acceptable uses for all social media platforms. These should be approved, dated and assigned an annual review date to ensure they remain fit for purpose. Following this, the documents should be made available to all staff via the Service intranet | These policies, procedures and protocols exist in practice but need to be formalised. Additional resources will allow introduction of greater governance around communications activity. In January, the Service procured a social media management system and is currently training official service users to operate via a single, formal channel. This allows oversight of activity and encourages sharing of current messages and campaigns through a single portal. A programme of training supports new users and will allow expansion of official social media participants without some of the significant associated risk. | Head of Corporate Communications Staff sickness has delayed this until September 2015 | Delayed |
| Communications | The Head of Corporate Communications should implement a training needs analysis, identifying which service personnel require communications training, and a training log, to effectively monitor training completion. Additionally, the Service could incorporate a training incentive scheme with the new social media software purchased by | Corporate Communications offers in house Media, Social Media and internal communications skills training, primarily to uniformed staff to give them the skills they need to present the Service in a professional way, limiting risks to ECFRS image. Currently delivered on request, there is some urgency now to train more station managers to be able to deliver information to the media, particularly at incidents. | Head of Corporate Communications Staff sickness has delayed this until September 2015 | Delayed |

| Source | Recommendation from Audit report | Original (or amended) Service Action Plan | Responsibility and Timescales | Progress |
|---|---|---|---|---|
| | the Head of Corporate Communications. | This recommendation supports the delivery of a more formal programme of training and development that is recorded and recognised. Rather than incentive, it is proposed to implement a proficiency standard before individuals can represent the Service to the media. | | |
| Communications | The Fire Service should ensure a guidance document or procedure is developed for processing Freedom of Information requests, to ensure the process is implemented consistently. | This will be reviewed when management of the FoI process moves in to Corporate Communications. This work will be completed once additional resources are in place. | Head of Corporate Communications September 2015 | On Track |
| Key Financial Controls | The Service should ensure that all weekly journal reports are approved and included in the journal register to be approved by the Director of Finance and evidenced as such. | Isolated incident, thus none | Deputy Director of Finance April 2015 | Completed |
| Key Financial Controls | HR should ensure that all starter, leaver and amendment documents are scanned and placed as an attachment to the employee records on the PRF Human Resources system in a timely manner. | A new service level agreement (SLA) will incorporate this | HR Support Team Manager September 2015 | On Track |

| Source | Recommendation from Audit report | Original (or amended) Service Action Plan | Responsibility and Timescales | Progress |
|---|---|---|---|---|
| Key Financial Controls | The Service should ensure that all debt (baring the public sector and debts under £50) are referred to the debt collection within the 90 day cut off period. | Where cost effective and appropriate this will be implemented | Deputy Director of Finance April 2015 | Completed |
| Budgetary Setting and Control | The Service should ensure that the Business Excellence Planning Toolkit is updated to reflect current budget setting practice and is reviewed periodically to ensure it remains effective in guiding the process. | The Business Excellence Planning toolkit will be updated for the 2016-2017 budget setting process. | Deputy Director of Finance July 2015 | Completed |
| Budgetary Setting and Control | The Service should implement a monitoring sheet to ensure all stages of the budget process are recorded and reviewed. This will add a greater element of control to the process | The existing timetable will be reviewed and more detail of the initial budget build scheduled where appropriate. | Deputy Director of Finance July 2015 | Completed |

# ESSEX FIRE AUTHORITY
## Essex County Fire & Rescue Service

| MEETING | | AGENDA ITEM | |
|---|---|---|---|
| | **Audit Governance & Review Committee** | **5** | |

| MEETING DATE | | REPORT NUMBER | |
|---|---|---|---|
| | 15 July 2015 | **EFA/057/15** | |

| SUBJECT | |
|---|---|
| | **Audit Reports** |

| REPORT BY | |
|---|---|
| | The Finance Director & Treasurer, Mike Clayton |

| PRESENTED BY | |
|---|---|
| | The Finance Director & Treasurer, Mike Clayton |

## SUMMARY

This paper provides three internal audit reports for review.

## RECOMMENDATION

Members of the Committee are asked to note the contents of the reports.

## BACKGROUND

This is a covering paper for the following external and internal audit reports being submitted to the meeting of the Audit, Governance & Review Committee. The following reports are to be considered at the meeting;

| Audit Area | Audit Conclusion |
|---|---|
| Business Planning | Reasonable Assurance |
| Risk Management | No Assurance |
| Follow Up Report | Adequate Progress |

## RISK MANAGEMENT IMPLICATIONS

Internal audit reports form part of the risk management arrangements for the authority. Progress on the implementation of agreed recommendations is also reported to the Committee.

## LEGAL, FINANCIAL, ENVIRONMENTAL AND EQUALITY IMPLICATIONS

There are no relevant implications from this report.

| LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 | |
|---|---|
| **List of appendices attached to this paper:**<br>Internal Audit Report Business Planning<br>Internal Audit Report Risk Management<br>Internal Audit Report Follow Up on Previous Internal Audit Recommendations | |
| | |
| Proper Officer: | Mike Clayton |
| Contact Officer: | The Finance Director and Treasurer<br>Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB<br>Tel: 01376 576000<br>mike.clayton@essex-fire.gov.uk: |

# Essex Fire Authority

Internal Audit Report (10.14/15)

FINAL

Business Planning

17 June 2015

# Contents

| | | | |
| --- | --- | --- | --- |
| Debrief meeting | 23 March 2015 | Auditors | Dan Harris, Head of Internal Audit |
| Draft report issued | 20 May 2015 | | Suzanne Lane, Senior Manager |
| Responses received | 17 June 2015 | | Alan Grisley, Assistant Manager |
| | | | Nick Fanning, Senior Auditor |
| Final report issued | 17 June 2015 | Client sponsor | Ben Pilkington, Performance Improvement Manager |
| | | Distribution | Ben Pilkington, Performance Improvement Manager |
| | | | Glenn McGuiness, Deputy Director of Finance |

# 1    Executive Summary

## 1.1    Introduction

An audit of Business Planning was undertaken as part of the approved internal audit periodic plan for 2014/15 at the Essex Fire Authority.

The review focused on the production of the departmental business strategies, the alignment of these with both the Medium Term Financial Plan and the overall objectives of the Service set out within the Service Strategy.

This review has identified and evaluated the production of the department business strategies for 2015/16 and the governance framework surrounding the process. It has also examined the monitoring and reporting of the departmental action plans for the 2014/15 financial year and sought to identify any internal assessment activity of the business planning process.

Timetables and associated guidance documentation are in place to guide the process.

The audit was designed to assess the controls in place to manage the following objective and risk:

| | |
|---|---|
| **Objective** | Business Planning is effectively undertaken resulting in a greater likelihood of the achievement of objectives. |
| **Risk** | Loss of Reputation and legal challenge (through poor business planning) that impact adversely on the delivery of service. |

## 1.2    Conclusion
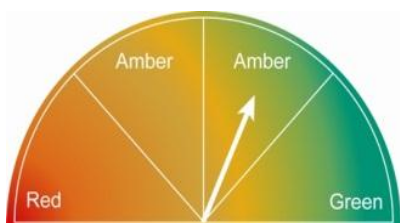


**Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.**

**However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.**

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

**Design of control framework**

- The Service has in place a Service Strategy approved by the Authority that sets out the objectives for the Service and how these will be measured.

- Business Plans are drawn up at departmental level on an annual basis. These are referred to, by the Service, as Departmental Strategies and they link back to the Service objectives and budgets, and are designed to support the achievement of the objectives within the Service Strategy.

- The approval process is focused on the Strategic Management Board (SMB). This year the service have run some development workshops with the intention of getting a more collaborative working arrangement in place including joint ownership of plans and understanding of departmental interdependences in support of the Strategic Objectives.

- There is a timetable in place for 2015/16 that identifies when the departmental business planning process should be completed. This timetable is communicated to all departmental heads so they are aware of the requirements.

- There is a 'Guide to Business Planning' document that outlines the business plans, timescales, procedure, templates, strategy guidance and peer review detail.

- The Department Strategies and the Service Strategy go through a serious of internal reviews prior to being approved by Essex Fire Authority. A series of Strategic Delivery Board (SDB) workshops are undertaken and following on from these the plans are signed off and approved by the SMB

- The Authority agrees the outcomes to be measured, and once approved quarterly reports on performance are issued to the Audit, Governance and Review Committee.

- The Director of Finance and Treasurer has produced a Financial Strategy plan for 2015/16 and a budget 2015/16. This has been presented to the Policy and Strategy Committee and reflects the 2014/15 budget and projections.

- Having approved Departmental Strategies managers review risks to meeting their objectives and within the Strategy and update their risk registers.

We identified two weaknesses in the design of the control framework that have resulted in **two medium priority** recommendations:

- There was no process to monitor the completion of action plans within the 2014/15 department strategies. The risk of not monitoring these action plans on a regular basis is that the department objectives may not be met, management may not be aware of this in a timely manner and ultimately it will be detrimental to the Services' effectiveness in meeting strategic objectives. (**Medium)**

- There is no annual self-assessment carried out by the Service in relation to its Business Planning Process from which the Service can evaluate the success of the prior year's business planning arrangements. The risk of not performing any self-assessment activity is failing to identify areas where the process can be improved. This could ultimately impact on the continued effectiveness of the current business planning processes and affect the achievement of overall objectives. (**Medium)**

**Compliance and application of control framework**

- From a review of the minutes of the Authority from April 2014, we confirmed that they approved the Service Strategy for 2014/15-2018/19. At that meeting they also approved the targets and indicators against which the Strategy would be measured.

- The SDB minutes were obtained for 26th August 2014 and demonstrated that a deadline for submissions for business plans was the 26th September 2014 and that this was circulated to department heads.

- The Guide to Business Planning was obtained and reviewed. The document covers the business planning process for 2014-19 and clearly sets out the requirements of the business planning process. Additional supporting documentation including the department strategy template and guidance from the SDB was also obtained to demonstrate the guidance is in place and circulated to the departments.

- The 2015/16 Medium Term Financial Strategy was presented to the Policy and Strategy Committee in September 2014 and approved. This document ties in with the Service Strategy objectives demonstrating alignment across the Service. The Service Strategy document presented to the Fire Authority in December 2013 was obtained and demonstrated the Services' objective of efficient and effective use of resource.

- We reviewed 15 department strategies and confirmed that they were all in the standard template and:

  o Were referenced to the objectives within the Service Strategy;

  o Gave some text on what they had achieved, what they want to achieve and how;

  o Included an action plan linking departmental objective to Service objectives.

- From a review of action plans we confirmed that each action included; an owner, timescale, outcome, measure, and budget/resources required.

- We confirmed that the assessment of required resources within the departmental strategies is used at the initial stage of the budget setting process within budget review meetings.

- From a review of minutes we confirmed that the SDB receives monthly performance reports based on the measures agreed by the Authority at the start of the year. Quarterly report are also issued to the SMB as do the Audit, Governance and Review Committee, and an annual report is presented to the Fire Authority at the year end.

We identified one weakness in the compliance and of the control framework that have resulted in **two medium priority** recommendation:

- Each department within the Service is required to produce a Department Strategy document annually. We confirmed that there are 18 departments that require a strategy to be completed. We found that three departments had not submitted a strategy document at the time of the review.  Of the 15 submitted only seven demonstrated a submission date in line with the timescales set.  Departments not submitting a strategy document demonstrates a weakness in the business planning process and ineffective support to the Service in achieving its Strategic Objectives. Four documents did not indicate an author and in addition only three of the documents demonstrated a reviewer and approver. There is a risk that if all departments do not submit their plans and within a reasonable time this may undermine the Service's ability to meet its objectives. **Medium.**

- Due to the absence of evidence we could not confirm that the assessment of resources within Departmental Strategies had been used as part of the budget setting and business planning process, nor if the final approved budgets for 2015/16 agreed with those Strategies which would therefore require updating to avoid the risk that elements of operational plans and individual objectives are not achievable. **Medium.**

There has been in addition **one low** recommendation made. This is covered within section 2 and 3 of the report.

## 1.3     Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion.

When planning the audit, the following controls for review and limitations were agreed:

**Limitations to the scope of the audit:**
- This review did not duplicate areas within the Budgetary Control and Financial Planning and the Performance Management Reviews.

- We did not give an opinion on whether corporate objectives or individual key performance indicators will be met.

- We did not give an opinion of the accuracy and completeness of data used to measure performance.

- Our work does not provide an absolute assurance that material errors, loss or fraud do not exist.

The approach taken for this audit was a Risk-Based Audit.

## 1.4     Recommendations Summary

The following tables highlight the number and categories of recommendations made.  The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

**Recommendations made during this audit:**

Our recommendations address the design and application of the control framework as follows:

|  | Priority | | |
|---|---|---|---|
|  | **High** | **Medium** | **Low** |
| Design of control framework | 0 | 2 | 0 |
| Application of control framework | 0 | 2 | 1 |
| **Total** | **0** | **4** | **1** |

The recommendations address the risks within the scope of the audit as set out below:

|  | Priority | | |
| --- | --- | --- | --- |
| **Risk** | **High** | **Medium** | **Low** |
| Loss of Reputation and legal challenge (through poor business planning) that impact adversely on the delivery of service. | 0 | 4 | 1 |
| **Total** | **0** | **4** | **1** |

# 2    Action Plan

The priority of the recommendations made is as follows:

| Priority | Description |
|---|---|
| **High** | |
| **Medium** | Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses. |
| **Low** | |

| Ref | Recommendation | Categorisation | Accepted (Y/N) | Management Comment | Implementation Date | Manager Responsible |
|---|---|---|---|---|---|---|
| 1.1 | The Service should monitor the submission of departmental plans against planned completion dates.<br><br>Each Department Strategy document should be annotated with details of submission date, document author, reviewer and approver. | Medium | Y | Agreed – this will be incorporated into the process running during 2015/16. | 31/03/2016 | Performance Improvement Manager |
| 1.3 | The Service should ensure that the Guide to Business Planning is reviewed annually to ensure it mirrors current practice and effectively guides the business planning process for the year ahead. | Low | Y | Agreed – the process is likely to change during 2015/16 as it will need to fit with changes being riven by Programme 2020. | 31/03/2016 | Performance Improvement Manager |
| 1.4 | The Service should ensure that the action plans within the Department Strategies are formally monitored. | Medium | Y | Agreed – this will monitored by SDB. | 31/03/2016 | Performance Improvement Manager |

| Ref | Recommendation | Categorisation | Accepted (Y/N) | Management Comment | Implementation Date | Manager Responsible |
|---|---|---|---|---|---|---|
| 1.5 | The Service should ensure that there is an annual self-assessment of the business planning process to identify areas where the process was effective and areas that could be improved upon, taking the process forward. | Medium | Y | Agreed – this will be built into the business planning cycle from this point onward. | 31/03/2016 | Performance Improvement Manager |
| 1.6 | As part of the Business Planning process, the Service should evidence and retain the initial assessment of resources required to meet objectives within the Departmental Strategies and future iterations including the final version which matches the approved budget. | Medium | Y | Agreed – this will be built into the business planning process from this point onward. | 31/03/2016 | Performance Improvement Manager |

# 3    Findings and Recommendations

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all audit testing undertaken.

|  | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
| **Risk 1: Loss of Reputation and legal challenge that impacts adversely on the delivery of service** | | | | | |
| 1.1 | Business Plans are drawn up at departmental level on an annual basis. These are referred to, by the Service, as Departmental Strategies<br><br>These documents are based upon the six Service Objectives set out in the Service Strategy.<br><br>Departmental Strategies are drawn up to identify departmental objectives to support these high level objectives. The Departmental Strategies contain the following sections;<br><br>• Role, Purpose and Alignment; (This section include the Service Strategy Objectives)<br><br>• What we have achieved so far; | Yes | We confirmed that there are eighteen departments that require a strategy to be completed. We found that three departments had not submitted a strategy document at the time of the review.<br><br>If departments are not submitted a strategy document it demonstrates weakness in the business planning process and ineffective support to the Service in achieving its Strategic Objectives.<br><br>For the 15 strategy documents identified as submitted a full review was undertaken;<br><br>Two documents were dated after the 26th September 2014 deadline, whilst four documents did not indicate a date of submission. Two further documents had a 2013 date of submission which indicated that they have not been updated for the current financial year.<br><br>In conclusion only seven of the 15 therefore demonstrated a submission date in line with the timescales set.<br><br>The submission dates are in place to ensure the business planning process can be completed timely to allow for achievement of the departmental objectives for the year to aid the achievement of the Services strategic objectives. | The Service should monitor the submission of departmental plans against planned completion dates.<br><br>Each Department Strategy document should be annotated with details of submission date, document author, reviewer and approver. | Medium |

| | | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|---|
| | | • Where do we want to be;<br><br>• How will we achieve this; (This section includes the department objectives.)<br><br>• Department Strategy Action Plan to support its objectives.<br><br>There are eighteen departments for which a strategy document is required.<br><br>The Departmental Strategies are required to be signed of as reviewed and approved by the department prior to submission, | | 11 documents demonstrated an author with there being four exceptions where no author was noted.<br><br>In addition only three of the documents demonstrated a reviewer and approver.<br><br>Without evidence of the review and approval of the department strategy documents we are unable to give assurance that there is a robust and effective process.<br><br>These issues were discussed with the Performance Improvement Manager who confirmed that the document management within the departments is not effective.<br><br>We confirmed through review that each of the 15 documents outlined the objectives as set out in the Service Strategy and that the departmental objectives set are linked to these.<br><br>The departmental objectives as set out within the document are supported in all cases by an action plan that outlines an objective ID, action description, owner, timescale, outcome, success measures and Budget resources.<br><br>There is a risk that if all departments do not submit their plans and within a reasonable time this may undermine the Services' ability to meet its objectives. | | |
| 1.2 | | There is a timetable in place for 2015/16 that identifies when the departmental business planning process should be completed. | Yes | The timetable set out for the submission and review of the departmental plans as per the SMB minutes from 26th August 2014 confirms a deadline for the submission of the Department Strategies of 26th September 2014. | | - |

Page 34 of 134

8

| | | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|---|
| | | This timetable is communicated to all departmental heads so they are aware of the requirements. | | The 18 required departmental strategies as covered in detail within control testing 1.1 identified that only nine demonstrated a submission date in line with the deadline.<br><br>The exceptions were;<br><br>• Three Departmental Strategies had not been evidenced as being submitted at the time of the review.<br><br>• Two documents had a 2013 date of submission indicating that the plan had not been updated for the 2015/16 financial year.<br><br>• Four documents had no date of submission indicated so timeliness could not be confirmed.<br><br>A recommendation made in 1.1. covers this weakness. | | |
| | 1.3 | There is a 'Guide to Business Planning' document in place within the Service.<br><br>This document outlines the business plans, timescales, procedure, templates, strategy guidance and peer review details in relation to the business planning process.<br><br>The document was last updated in August / September 2013. | Yes | The Guide to Business Planning was obtained and reviewed. The document covers the business planning process for 2014-19 and clearly sets out the requirements of the business planning process.<br><br>There has been no update since September 2013 so good practice would be to have an annual review of the document to ensure the processes described are in line with current practice.<br><br>The Performance Improvement Manager provided a report to the Strategic Management Board in August 2014 for the members to note the business planning process and the associated deadlines. | The Service should ensure that the Guide to Business Planning is reviewed annually to ensure it mirrors current practice and effectively guides the business planning process for the year ahead. | Low |

| | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
| | | | This was supported by a template of the departmental strategy document and demonstrating the further guidance on the process. | | |
| 1.4 | Action plans within the 2014/15 department strategies are not monitored by the Service to determine if the actions have been implemented / delivered. | No | From discussions with the Performance Improvement Manager we confirmed that the performance monitoring process has been covered in full detail within the recent Performance Management Review and recommendations to improve this process in regards to ownership, resource allocation and performance management guidance have been agreed.<br><br>The department actions plans were further discussed in more detail and we confirmed with the Performance Improvement Manager that there is currently no mechanism for monitoring the actions in the business plans.<br><br>The risk of not monitoring these action plans is that the department objectives may not be met and management may not be aware of this in a timely manner. Ultimately this may impact the Services' effectiveness in meeting its strategic objectives. | The Service should ensure that the action plans within the Department Strategies are formally monitored. | Medium |
| 1.5 | There is no annual self-assessment carried out by the Service in relation to its Business Planning Process. | No | We confirmed through discussions with the Performance Improvement Manager that there is no self-assessment process from which the Service can determine the success of the prior year business planning arrangements.<br><br>The risk of not performing any self-assessment activity is failing to identify areas where the process can be improved. This could impact on the continued effectiveness of the current business planning processes, to the detriment of achieving the Service's overall objectives. | The Service should ensure that there is an annual self-assessment of the business planning process to identify areas where the process was effective and areas that could be improved upon, taking the process forward. | Medium |

| | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
| 1.6 | The assessment of resources required to meet objectives within the Departmental Strategies was including within the action plan for each Strategy.<br><br>Production of the strategy document forms the basis of the initial budget review meetings as the start of the budget setting process, which then feeds into Medium Term Financial Plan and related Business Plan. | Yes | Due to the absence of evidence we could not confirm that the assessment of resources within Departmental Strategies had been used as part of the budget setting and Medium Term Financial Planning process.<br><br>Furthermore we could not determine if the final approved budgets for 2015/16 agreed to the Departmental Strategies and resources required. There is a risk that is these do not match elements within operational plans and individual objectives are not achievable. | As part of the Business Planning process, the Service should evidence and retain the initial assessment of resources required to meet objectives within the Departmental Strategies and future iterations including the final version which matches the approved budget. | Medium |

# Essex Fire Authority

Internal Audit Report (9.14/15)

FINAL

Risk Management

3 July 2015

# Contents

| | | | |
| --- | --- | --- | --- |
| Debrief meeting | 20 April 2015 | Auditors | Dan Harris – Head of Internal Audit |
| Draft report issued | 14 May 2015 | | Suzanne Lane – Senior Manager |
| Responses received | 3 July 2015 | | Alan Grisley – Assistant Manager |
| | | | Matthew Wright – Senior Auditor |
| Final report issued | 3 July 2015 | Client sponsor | Charles Thomas – Risk & Business Continuity Manager |
| | | Distribution | Charles Thomas – Risk & Business Continuity Manager |
| | | | Glenn McGuinness – Deputy Director of Finance |

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at http://www.icaew.com/en/members/regulations-standards-and-guidance.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to our Client on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Baker Tilly Risk Advisory Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

# 1 Executive Summary

## 1.1 Introduction

An audit of Risk Management was undertaken as part of the approved internal audit periodic plan for 2014/15. During the course of our audit, we reviewed the overall risk management framework including strategy documents, policies and procedures, and key reporting forums. We also conducted a review of departmental, corporate and project-level risks to determine whether controls were in place to adequately identify, evaluate, record and monitor risks and control activities.

The risk management process is managed by the Corporate Risk and Business Continuity Department. The department is headed by a Corporate Risk and Business Continuity Manager who is supported by a Risk Support Officer. The Risk Support Officer role was vacant until March 2015 and the post holder is expected to play an active role going forward to ensure that risk management activities are completed in line with policy at all levels of the organisation.

Risk management policies and procedures are documented in three documents: the Risk Management Policy Statement, Risk Management Strategy and Risk Management Guidance. These documents were recently revised and simplified by the Risk and Business Continuity Manager. The three documents are available to all risk and control owners.

The Service uses JCAD Risk Software to record and evaluate risks and control activities. The software also has sufficient functionality to record assurances, but as we have noted below, this function is used inconsistently by the different departments. There is also a poor understanding across most departments regarding the correct way to record risk and control descriptions, although the documents referred to above give guidance in this respect.

## 1.2 Conclusion



**Taking account of the issues identified, the Authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.**

**Action needs to be taken to ensure this risk is managed.**
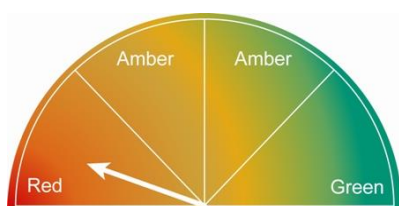
**We note that progress to improve the Risk Management process since our previous audit report has been hampered due to the Risk and Business Continuity Manager taking on additional responsibilities to manage industrial action, and the transfer of the Risk Support Officer to another department for an extended period. This lack of available resource to manage the risk management process has contributed to the number of new and restated recommendations in this report.**

**Further, we have noted a number of issues which have impacted on the opinion below. Specifically, the quality of risks and controls documented within the registers, in addition to the lack of review, challenge and scrutiny of the corporate risk register by the Senior Management Board.**

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

**Design of control framework**

The following controls were deemed to have been designed adequately:

- The Service has a Risk Management Policy, Strategy and Guidance manual. The strategy and guidance documents detail the processes to be used to ensure the Authority can use efficient risk management techniques to contribute to effective corporate governance.

- The Service uses JCAD, a risk management database, to record and monitor risks and control measures. Each risk owner has access to the system together with the Risk & Business Continuity Manager and the Risk Support Officer.

- Training material exists for the JCAD database, consisting of both in-house and developer user manuals.

- On a cyclical process, risk owners review and update their risks. The frequency of review is determined by the risk impact and likelihood scores. JCAD allows review periods to be set for each risk, ranging from weekly to annually, with a default quarterly setting. Standard review period settings are detailed in the Risk Management Guidance.

- The Risk Management Guidance document includes a section explaining the correct way to identify and describe a risk.

- Control measures are recorded in JCAD, including a summary control title and the option to include further control details in a secondary description field.

- The responsibilities for risk management and managing individual risks have been established within the Risk Management Strategy, within JCAD, and assigned within risk management reports. The Fire Authority receives a copy of the risk register for review on an annual basis. We have noted one issue with the application of the control framework which is detailed in the subsequent section.

In the course of our review, we identified six issues with the design of the control framework. These issues have resulted in **two medium priority** recommendations and one low priority recommendation, which are detailed in the Action Plan and Findings and Recommendations sections that follow.

- We noted in discussion with control owners that assurances are not adequately documented in JCAD. We also noted that there was not a consistent understanding amongst control owners about how assurances should be obtained, documented and reported, and that there was no documented procedure in place that would assist them. If assurances are not consistently obtained, documented and reported to an appropriate level of the organisation, there is a risk that controls are not sufficient to manage the identified risks. **Medium**

- JCAD has separate tabs to record project risks, but individual Project Managers are using personal systems such as excel spreadsheets to monitor risk.  The Risk Management Strategy stated that Project Managers had the responsibility to conduct risk assessment(s). However it did not state that risk registers should be managed through JCAD, and as a result there is a risk that the Authority will not have sight of all risks and that not all risk registers are in place and being monitored.

We have also identified one issue with the design of the control framework leading to **one low priority** recommendations, which is fully detailed in the Action Plan and Findings and Recommendations sections that follow.

**Application of and compliance with control framework**

Testing confirmed that the following controls were adequately complied with:

- We reviewed the risk management policy and guidance documents to confirm they were fit for purpose, and have made some recommendations elsewhere in this report regarding their content.

- From our review the of the JCAD system and confirmed it included sufficient functionality to fulfil the requirements of an effective risk register

- We reviewed the JCAD training manuals, noting they were user friendly, covered all key areas of the system, and were consistent with the Risk Management Guidance documents.

- We verified that the Risk Management Strategy sets out key risk management responsibilities at each level of the organisation. We also verified throughout our work that risk and control owners have been identified for every risk and control.

However, testing undertaken during this review identified eight issues with the application of and compliance with the control framework, which have resulted in **six medium priority** and two low priority recommendations:

- Out of a sample of 15 risks, including both departmental- and corporate-level risks, the frequency of review set in JCAD for 3/15 of the risks was less frequent than required by the Risk Management Guidance. In addition, the review date for 3/15 risks had expired without the risks being reviewed. If the frequency of review set in JCAD is not in line with the Risk Management Guidance, there is a risk that the frequency of review will not be proportionate to the risk score; and if the reviews are not performed, there is a risk that the scores will be incorrect and that controls will not be working to effectively mitigate the risk. **Medium**

- For the same sample of risks, we noted that the risk descriptions in JCAD for 12/15 of the risks were not actual risk descriptions, but referred to departmental issues or impacts. This is not in line with the Risk Management Guidance and leads to the risk that risks are improperly identified and therefore not controlled. **Medium**

- We reviewed a sample of 15 control descriptions and noted that in all cases the descriptions were too brief and did not describe either the activities undertaken or how they contribute to manage the risk. In discussion with one control owner, we noted she did not understand the control description herself. If control descriptions are not sufficiently detailed, and do not describe how they manage the risk, there is a risk that the controls in place will be inadequate to manage the risk and difficult to review. **Medium**

- We noted in discussion with project managers and review of project updates, that project risk scores do not follow the policy laid down in the risk management guidance. If a consistent method of scoring risk is not used across the organisation, there is a risk that project risks are not properly managed. **Medium**

- Through inspection of the risk report presented to the Fire Authority in February 2015, we noted that the RAG risk rating used did not agree with the ratings given in the Risk Management Guidance. If different systems are used to demonstrate the level of risk, there may be different perceptions of the amount of risk that could impact the Service and the Authority. **Medium**

- Through inspection of the Strategic Management Board and Strategic Delivery Board (SDB) meeting minutes, we noted that discussion of risk was mostly at project- and programme-level, with little or no discussion of departmental or corporate risk registers. We also noted that the overall responsibilities of the Strategic Management Board in the Terms of Reference referred only to the criteria for the escalation of project and programme risks. No risk assurance reports were presented to either Board. If the responsibilities of the Board with respect to the wider risk management framework are not clearly defined, there is a risk that it will not meet its objectives effectively. This has resulted in **two Medium** priority recommendation.

## 1.3    Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. When planning the audit, the following limitations were agreed:

**Limitations to the scope of the audit:**

- Our findings do not provide assurance that every risk on the risk register is being effectively controlled.

- We have not given assurance that all risks have been identified, or that all assurances used within the risk register are positive.

- We have not commented on the Authority's risk appetite definition but have confirmed whether it has been defined and clearly communicated.

- The scope of this work was limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out in for this review. It should not, therefore, be considered as a comprehensive review of all aspects of non-compliance that may exist now or in the future.

- Any testing undertaken as part of this audit will be compliance based and sample testing only.

- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

## 1.4    Recommendations Summary

The following tables highlight the number and categories of recommendations made.  The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

**Recommendations made during this audit:**

Our recommendations address the design and application of the control framework as follows:

| | Priority | | |
| --- | --- | --- | --- |
| | **High** | **Medium** | **Low** |
| Design of control framework | 1 | 1 | 0 |
| Application of control framework | 0 | 6 | 1 |
| **Total** | **1** | **7** | **1** |

**Recommendations implemented since the previous audit in this area:**

| Date of previous audit:   20 May 2014 | | | |
| --- | --- | --- | --- |
| **Assurance:** | **High** | **Medium** | **Low** |
| Number of recommendations made during previous audit | 1 | 5 | 0 |
| Number of recommendations implemented | 0 | 0 | 0 |
| **Recommendations not yet fully implemented:** | **1** | **6** | **0** |

The medium recommendations not yet fully implemented have been reaffirmed within the recommendations made within this report the high recommendation has been partly restated as a medium recommendation. These recommendations include:

- Controls should have sufficient detail/definition to show how they prevent/mitigate risk.

- A standard definition for each pre-set description of progress status should be produced and subsequently control owners should be asked to confirm statuses are consistent with revised definitions.

- Actions to reduce risks should be appropriately detailed to enable Officers to understand what activities are required.

- Control owners should set realistic and useful review dates and must act on reminders from JCAD. The review should include the details of the control and resources required, and the status of the control and percentage complete, with assurance to support this assessment.

- The Risk Management Policy, Strategy and Guidance and JCAD should be enhanced to document a process for capturing assurances.

- The interval frequency for reviewing risks should be set in consultation with the risk owner and adhered to.

- Where the status or percentage completion of a control is amended, this should trigger a review of the scoring of risk.

## 1.5    Additional Feedback

**Suggestions Made During the Audit**

Whilst recognising it is not currently mandated that project managers use JACD to record risks consideration should be given to record project risks on JCAD in the future to ensure a consistent approach.

# 2    Action Plan

The priority of the recommendations made is as follows:

| Priority | Description |
|---|---|
| High | |
| Medium | Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses. |
| Low | |

| Ref | Recommendation | Categorisation | Accepted (Y/N) | Management Comment | Implementation Date | Manager Responsible |
|---|---|---|---|---|---|---|
| 1 | Provided the review frequencies are configured correctly in JCAD, risk owners must review their assigned risks in line with the next review dates. | Medium | Y | Clearly, managers should heed their self-imposed review dates. | 31 December 2015 | Individual risk and control measure owners |
| 2 | Risk descriptions should adequately state the actual risk, and follow the guidelines set down for risk descriptions in the Risk Management Guidance. | Medium | Y | In addition to that already offered, further support will be available to managers to achieve this. | 31 December 2015 | See above |
| 3 | Control descriptions should give sufficient detail to describe the workings of the control and how it mitigates the associated risk. There should be consistency in the description of controls across all departments. | Medium | Y | See above | 31 December 2015 | See above |
| 4 | The Service should ensure a documented process exists for the obtaining and recording of assurances, and that control owners are made sufficiently aware of their responsibilities in this regard. Furthermore, relevant assurances should be documented against existing risks to | High | Y | Additional training and assistance to that already provided is in hand with managers. An assurance model and narrative will be added to the risk documents for approval by | 31 December 2015. | Corporate Risk & Business Continuity Manager |

| Ref | Recommendation | Categorisation | Accepted (Y/N) | Management Comment | Implementation Date | Manager Responsible |
|---|---|---|---|---|---|---|
|  | provide evidence that risks are being managed and controls are working. |  |  | the Strategic Delivery Board. |  |  |
| 5 | Risk scoring, as documented in the Risk Management Guidance, should be applied consistently across departments and individual programmes and projects. | Medium | Y | This will be referred to managers at risk surgeries. Once this report is finalised, a summary will be provided to managers. | 31 December 2015 | Corporate Risk & Business Continuity Manager |
| 6 | The risk escalation procedure should be clearly documented in narrative form, and roles and responsibilities in relation to escalation should be clearly defined. | Low | Partly | V II Risk Management Strategy contains a graphic that identifies reporting and escalation, and V III at Annex C contains an action plan for risk escalation. Further narrative can be added but it remains for the human component to take action. Nonetheless, additional narrative will be added to the appropriate documentation. | 31 December 2015 | Corporate Risk & Business Continuity Manager |
| 7a | The SMB should ensure that the departmental and corporate risk registers are a regular part of its agenda. Additionally the Terms of Reference should be updated to state more clearly the wider risk management responsibilities of the Board and how this relates to and supports the work of other groups such as the Strategic Delivery Board. | Medium | Y | SMB will be so advised. | 31 December 2015 | Corporate Risk & Business Continuity Manager |

| Ref | Recommendation | Categorisation | Accepted (Y/N) | Management Comment | Implementation Date | Manager Responsible |
|---|---|---|---|---|---|---|
| 7b | The SDB standing agenda items should be updated to include regular reporting on the status of control measure effectiveness and discussion of risk at the corporate, departmental and project levels. Risk implications should also be included on papers issued to them. | Medium | Y | In accepting this, the matter will be referred to the Strategic Delivery Board to determine how it wishes to optimise risk reporting, given proposed changes to risk assurance. | 30 September 2015 | Corporate Risk & Business Continuity Manager |
| 8 | The Service should ensure that all reporting of risk includes the rating system as set in the Risk Management Guide. | Medium | Y | Project and Departmental risk management are in the course of being aligned. Existing project management risk registers will conform. This matter will be referred to managers at risk surgeries. | 31 December 2015 | Risk and control measure owners<br><br>Corporate Risk & Business Continuity Manager |

# 3    Findings and Recommendations

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all audit testing undertaken.

| | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
| | **Area: Risk Management** | | | | |
| 1 | There is an annual risk assessment process as part of the planning cycle. When developing the departmental plans and aligning them with the corporate plan, departmental managers also assess their risks in meeting those plans together with the strategic objectives.<br><br>On a cyclical basis risk owners will review and update their risks using the JCAD system which allows review periods to be set from weekly to annually; the default setting is quarterly.<br><br>The risk matrix in the Guidance is colour coded as follows:<br><br>• White: no review required;<br><br>• Green: at least annually;<br><br>• Yellow: quarterly;<br><br>• Amber and red monthly, | Yes | We noted through inspection of the Risk Management Guidance (Vol III) that frequency of review is based on the risk impact and likelihood scores.<br><br>We noted through inspection of the departmental risk registers that the colour-coding by risk score does not tie in with the colour-coding in the Guidance. This was corrected at the time of this audit,<br><br>JCAD generates an email to the risk owner when the review is due; the owner can perform a reassessment up to a maximum of 7 days before the review date entered into JCAD.<br><br>We inspected a sample of 15 risks across departments and noted the following:<br><br>• For three out of the 15 risks, the frequency of review set in JCAD was less frequent than that required by the Risk Management Guidance; and<br><br>• For three out of the 15 risks, the 'next review date' had expired. In each instance the date was June 2014.Per discussion with the Risk Support Officer, this means that the risk had | Provided the review frequencies are configured correctly in JCAD, risk owners must review their assigned risks in line with the next review dates. | Medium |

| | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
| | except for the two critical impact scores rated at 1 and 2 likelihood, which require annual review as part of the business plan. | | not been reviewed at its last deadline.<br><br>If the frequency of review in JCAD is not set in line with the requirements in the Risk Management Guidance, there is a risk that they will not be reviewed on a sufficiently regular basis. Similarly, if they are not reviewed when required, there is a risk that they will be incorrectly scored.<br><br>We noted that the Risk Support Officer role had been vacant until March 2015 and will now be responsible for following up risks with risk owners. In discussion with the Corporate Risk Manager, we noted that this is in an early stage of development, but initial emails have been circulated to departmental managers informing them that the Support Officer will be undertaking regular reviews. A formal timetable and plan for such reviews will be developed going forward. | | |
| 2 | The Risk Management Guidance document includes a section entitled 'Risk Description' which outlines the correct way to describe a risk. The Guidance states that a risk description should refer to both the cause and impact of the risk.<br><br>The risk management strategy describes risk as the uncertainty of outcome, whether positive opportunity or negative threat, of actions and events. The risk is assessed in respect of the combination of the likelihood of something happening, and the | Yes | We selected 15 risks at random from the departmental and corporate risk registers, and noted that, for 12 items in the sample, the description was not a risk description, but rather identification of a departmental issue or impact. For example, many descriptions were of the form 'failure of financial planning', which does not adequately describe what the risk actually is, therefore the controls and any mitigating action may not align to the actual risk.<br><br>The Support Officer will be reviewing risks to ensure they are appropriate and well described, however she had only been in post for one week at the time of this review.<br><br>Risk scoring, as noted elsewhere in this report, are not standardised across departments and projects. | Risk descriptions should adequately state the actual risk, and follow the guidelines set down for risk descriptions in the Risk Management Guidance. | Medium |

Page 49 of 134

|  | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
|  | impact or consequences which arises if it does actually happen. |  | Projects, in particular, tend to use a RAG rating that is completely independent of the scoring system documented in the Risk Management Guidance.<br><br>Please refer to recommendation 1 within this report. |  |  |
| 3 | Control Descriptions on JCAD consist of a basic control title and an associated control details field.<br>As part of the role the Support Officer will be reviewing control descriptions to ensure they are appropriately worded to describe the actual control, and discuss these with the owners. | Yes | We noted in discussion with risk owners that control descriptions were not uniformly detailed across departments.<br><br>In the Property Services department, for example, we noted that the description was limited to a brief title in the control record, whereas the Finance and Pay department included greater detail in the relevant description field. In discussion with one HR control owner, we noted she did not understand the control description herself.<br><br>Control descriptions in general appeared too brief and did not adequately explain how the control mitigated the associated risk. Without detailed and consistent control descriptions, there is a risk that those controls documented will not be effectively mitigating the risk, potentially increasing the probability of the risk materialising. | Control descriptions should give sufficient detail to describe the workings of the control and how it mitigates the associated risk. There should be consistency in the description of controls across all departments. | Medium |
| 4 | Assurances are not effectively documented in JCAD and there is no documented procedure in place that would assist them. | No | We discussed the assurance process with four control owners, noting that there was no consistent understanding of the control review and assurance process. One of the l owners did not understand the description of the control assigned to her, and was not sure what she would need to do to obtain and document an assurance.<br><br>A second owner merely annotated control reviews with 'reviewed and completed' with no description of how the control was reviewed or what type or | The Service should ensure a documented process exists for the obtaining and recording of assurances, and that control owners are made sufficiently aware of their responsibilities in this regard.<br>Furthermore, relevant assurances should be | High |

|  | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
|  |  |  | level of assurance was obtained.<br><br>If assurances are not consistently obtained, documented and reported to an appropriate level of the organisation, there is a risk that controls are not sufficient to manage the identified risks. | documented against existing risks to provide evidence that risks are being managed and controls are working. |  |
| 5 | JCAD has separate tabs to record project risks, but individual Project Managers are using personal systems such as excel spreadsheets to monitor risk. | No | We noted that there were 37 projects currently set up on JCAD, although in discussion with the Corporate Risk Manager and inspection of JCAD, only 12 of these currently have risk registers associated with them. We selected a sample of five projects and noted the following:<br>**Workforce Transformation.**<br>We reviewed the programme highlight report for February 2015.  This contained a section listing three risks and mitigating actions.  However:<br><ul><li>The risks described issues impacting on the progress of the project rather than risks;</li><li>Two of the actions did not give any timescales as to completion, the third gave a date of February but stated 'if required;' and</li><li>A risk register existed on JCAD for this project, but the risks on JCAD did not agree with any of the risks in the programme highlight report.</li></ul>**Delta programme**<br>The programme update for March 2015 included a risk register and this included:<br><ul><li>Description of the risk;</li><li>Mitigating options;</li><li>Date raised; and</li><li>Owner.</li></ul>However there was nothing within the report that explained the level of risk or risk score, and the only scoring was in relation to progress of the | Whilst recognising it is not currently mandated that project managers use JACD to record risks consideration should be given to record project risks on JCAD in the future to ensure a consistent approach.<br>Risk scoring, as documented in the Risk Management Guidance, should be applied consistently across departments and individual programmes and projects. | Suggestion<br><br>Medium |

|  | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
|  |  |  | project, not the risks. The mitigating options described a mixture of action and controls, although where it appears to discuss a control these are not clearly defined. Where actions were described there was no indication on completion dates and we noted a risk register did not exist on JCAD for the Delta Programme. Risk registers existed on JCAD for the remaining three selected projects: P2020; Magners and Job Evaluation. The Risk Management Strategy stated that Project Managers had the responsibility to conduct risk assessment(s). However it did not state that risk registers should be managed through JCAD, and as a result there is a risk that the Authority will not have sight of all risks and that not all risk registers are in place and being monitored. We noted in discussion with risk owners that the risk scoring for projects was not necessarily in line with the scoring matrix used in JCAD and documented in the Risk Management Guidance. One risk owner made the point that he felt JCAD did not have the functionality to handle project risk, and that he found his independent risk management practices were more effective. |  |  |
| 6 | The Risk Management Strategy includes a diagrammatic representation of the process for escalating risks from the departmental to corporate risk registers.<br><br>The Risk Management Guidance includes, at Annex C, a table indicating the general actions to | Yes | We noted through inspection of the Risk Management Strategy that the escalation process was set out in diagrammatic form, though it was unaccompanied with any narrative description. The diagram illustrates the flow of risks between the corporate and departmental registers, but does not contain sufficient information to allow the reader to determine the specific steps required escalating or downgrading a risk, or who is responsible for doing | The risk escalation procedure should be clearly documented in narrative form, and roles and responsibilities in relation to escalation should be clearly defined. | Low |

| | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
| | be taken for each range of risk scores. These include reporting requirements which would form the basis of escalation. | | so.<br><br>In discussion with the Corporate Risk Manager, we noted that in practice the departmental managers are responsible for escalating a risk, and that the Strategic Delivery Board was responsible for approving the transfer of a risk between registers.<br><br>However, these responsibilities were not clearly defined within the documentation, nor was there a defined procedure for escalation. Without this, there is a risk that those risks to be transferred will not be, potentially resulting in risks not being formally monitored, increasing the likelihood of the risk materialising. | | |
| 7 | The terms of reference of the SMB includes the responsibility:<br><br>• To identify corporate risks and opportunities, review the effectiveness of control measures, identify risk management improvement plans where necessary and provide assurance that the risk mitigation and control environment remains effective; and<br><br>• To take decisions to address issues and risks which may prevent achievement of organisational planned performance. | Yes | We obtained and reviewed the SMB meeting minutes for October, November, January and February 2014, noting the following:<br><br>• In October the Board approved the revised Risk Management Policy;<br><br>• In November, there was some discussion around the Risk Register, though minimal in content; and<br><br>• In January and February, discussion centred mostly on projects and programmes, with little or no discussion of risk management. There was no discussion of departmental or corporate risk registers.<br><br>We noted that the overall responsibilities of the Board in the terms of reference referred only to the criteria for the escalation of project and programme risks.<br><br>If the responsibilities of the Board with respect to | The SMB should ensure that the departmental and corporate risk registers are a regular part of its agenda.<br><br>Additionally the Terms of Reference should be updated to state more clearly the wider risk management responsibilities of the Board and how this relates to and supports the work of other groups such as the SDB.<br><br>The SDB standing agenda items should be updated to include regular reporting on the status of control | Medium<br><br><br><br><br>Medium |

| | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
| | The terms of reference for the SDB state:<br><br>• Under the SDB's objectives, the Board is required to identify corporate risks and opportunities, review the effectiveness of control measures, identify risk management improvement plans where necessary, and provide assurance that the risk mitigation and control environment remains effective;<br><br>• Among the SDB's collective responsibilities, it is stated that it must ensure there are clearly defined criteria for escalating risks.<br><br>The SDB Terms of Reference are currently in draft form and yet to be approved. | | the wider risk management framework are not clearly defined, there is a risk that it will not meet its objectives effectively.<br><br>We reviewed the SDB Terms of Reference, noting that they clearly defined the responsibilities of the Board in relation to risk management.<br><br>We reviewed three sets of minutes from November 2014 to February 2015;<br><br>• February 2015: risks discussed in relation to Workforce Transformation, Project Delta, Project 2020;<br><br>• January 2015: risks discussed in relation to Workforce Transformation, MIS Replacement, Accepting Vehicles from the public for purpose of Road Traffic Collision Training; and<br><br>• November 2014: risks discussed in relation to Programmes/Portfolio Report, Workforce Transformation, and MIS Replacement.<br><br>We noted any risks discussed by the SDB were primarily at project level, and there was little discussion of the corporate risk register or of any processes in place to review the effectiveness of control measures. There were no risk assurance reports presented to the Board.<br><br>In discussion with the Corporate Risk Manager, we noted that the SDB standing agenda should include risk implications, but that this had dropped from the agenda in circulation. A revised agenda is to be circulated going forward.<br><br>If the SDB does not fulfil its responsibilities with | measure effectiveness and discussion of risk at the corporate, departmental and project levels. Risk implications should also be included on papers issued to them. | |

Page 54 of 134

|  | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
|  |  |  | respect to reviewing control measures and assurance, there is a risk that the organisational objectives at all levels will not be achieved.<br><br>Please also rfere to the findings in papragraph 9 below. |  |  |
| 8 | The Fire Authority Board receive a copy of the risk register for review on an annual basis. | Yes | We reviewed the risk report issued to the Fire Authority meeting in February 2015.<br><br>The report described:<br><br>&bull; The risk;<br><br>&bull; Initial risk score with rag rating;<br><br>&bull; Mitigating controls; and<br><br>&bull; Residual risk with RAG rating.<br><br>We noted that the RAG rating did not agree with the ratings given within the Risk Management Guide. In addition to the above each of the risks were demonstrated in the 'bow tie' format, this records the risk in relation to preventative controls and triggers, and against impact and mitigating controls which gives the reader more information of how the risk has been assessed and being controlled.<br><br>If different systems are used to demonstrate the level of risk, there may be different perceptions of the amount of risk that could impact the Service and the Authority. | The Service should ensure that all reporting of risk includes the rating system as set in the Risk Management Guide. | Medium |

Page 55 of 134

| | Controls (actual and/or missing) | Adequate Design (yes/no) | Test Result / Implications | Recommendation | Categorisation |
|---|---|---|---|---|---|
| 9 | Risk implications are noted on reports to Committees and Boards.  This enables members to consider those risks during discussion and when making decisions. | Yes | We confirmed from a review of the following that risk implications were recorded at the end of reports for the information of the members of committees and groups:<br><br>• Authority;<br><br>• Audit, Governance and Review Committee;<br><br>• Policy and Strategy Committee.<br><br>We were informed by the Risk & Business Continuity Manager that risk implications were not recorded on papers issued to the Strategic Delivery Board.<br><br>Without this, there is an increased risk that the implications on those risks will not be adequately reviewed and discussed, potentially impacting on decisions made by the SDB in relation to those risks.<br><br>A recommendation has been made in paragraph 7 above. | | |

# Essex Fire Authority

Internal Audit Report (8.14/15)

DRAFT

Follow Up of Previous Internal Audit Recommendations

14 May 2015

# Contents

| Section | | Page |
|---|---|---|

| | | | |
|---|---|---|---|
| Debrief meeting | N/A | Auditors | Dan Harris, Head of Internal Audit |
| Draft report issued | 14 May 2015 | | Suzanne Lane, Senior Manager |
| | | | Alan Grisley, Assistant Manager |
| | | | Jay Desai - Analyst |
| Responses received | | Client sponsor | Glenn McGuiness, Deputy Director of Finance |
| Final report issued | | Report distribution | Glenn McGuiness, Deputy Director of Finance |

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at http://www.icaew.com/en/members/regulations-standards-and-guidance.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented.  This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist.  Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein.  Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to our Client on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Baker Tilly Risk Advisory Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

# 1 Executive Summary

## 1.1 Introduction

As part of the approved internal audit periodic plan for 2014/15 we have undertaken a review to follow up progress made by the Essex Fire Service to implement previous internal audit recommendations. The audits considered as part of the follow up review were:

- Business Continuity
- Partnerships
- Safer Communities
- IT General Computer Controls
- Follow Up

## 1.2 Conclusion

**Taking account those recommendation within these reports that were not due for completion at the time of our visit, and of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion the organisation has demonstrated <u>reasonable progress</u> in implementing actions agreed to address internal audit recommendations.**
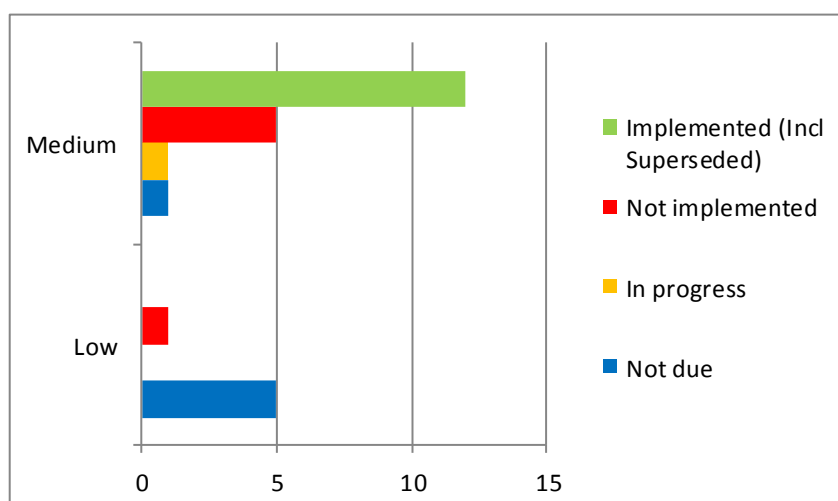


**We have reiterated the recommendations which have not yet been fully implemented.**

## 1.3 Scope of the review

**Limitations to the scope of the review:**

The review only covers audit recommendations previously made and does not review the whole control framework of the areas listed above, therefore we are not providing assurance on the entire risk and control framework.

We have only reviewed those recommendations due for implementation at the time of the review.

We have ascertained the status of recommendations through discussion with management and review of the most recent recommendation tracking report presented to the Audit Committee.

Where the indication is that recommendations have been implemented, we have undertaken limited testing to confirm this.

Where testing has been undertaken, our samples have been selected over the period since actions were implemented or controls enhanced.

Our work does not provide any guarantee or absolute assurance against material and/or other errors, loss or fraud.

## 1.4 Recommendation Tracking

Recommendation tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of recommendations made by assurance providers, whilst allowing the Audit Committee to monitor actions taken by management.

Recommendation tracking is undertaken by Essex Fire Authority. However, we have identified each of the 7 recommendations that have been restated differ in status to that reported on the tracker by management. In four of these instances the Auditor was not supplied with sufficient evidence to conclude that the recommendation had been completed.

## 1.5 Data to Support our Findings

| Implementation Status by Review | Number of recs agreed | Status of Recommendation | | | | | Confirmed as completed or no longer necessary (1)+(4) | Carried forward for follow up (2)+(3)+(5) |
|---|---|---|---|---|---|---|---|---|
| | | Not due for implementation (5) | Implemented (1) | Implementation Ongoing (2) | Not Implemented (3) | Superseded (4) | | |
| Business Continuity | 2 | 0 | 0 | 1 | 1 | 0 | 0 | 2 |
| Partnerships | 9 | 0 | 8 | 0 | 1 | 0 | 8 | 1 |
| Safer Communities | 2 | 1 | 1 | 0 | 0 | 0 | 1 | 1 |
| IT General Computer Controls | 8 | 5 | 2 | 0 | 1 | 0 | 2 | 6 |
| Follow Up | 4 | 0 | 1 | 0 | 3 | 0 | 1 | 3 |
| **Implementation Status by Recommendations Category** | **Number of recs agreed** | **Status of Recommendation** | | | | | **Confirmed as completed or no longer necessary (1)+(4)** | **Carried forward for follow up (2)+(3)+(5)** |
| | | Not due for implementation (5) | Implemented (1) | Implementation Ongoing (2) | Not Implemented (3) | Superseded (4) | | |
| High | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Medium | 17 | 1 | 12 | 1 | 5 | 0 | 12 | 7 |
| Low | 8 | 5 | 0 | 0 | 1 | 0 | 0 | 6 |
| **Totals** | **25** | **6** | **12** | **1** | **6** | **0** | **12** | **13** |

# 2    Findings, Recommendations and Actions

This report has been prepared by exception. Therefore, we have included in this section, only those recommendations graded as 2, 3 or 5.

Each recommendation followed up has been categorised in line with the following:

| Status | Detail |
|---|---|
| 1 | The entire recommendation has been fully implemented. |
| 2 | The recommendation has been partly though not yet fully implemented. |
| 3 | The recommendation has not been implemented. |
| 4 | The recommendation has been superseded and is no longer applicable. |
| 5 | The agreed date for implementing the recommendation has not yet been reached. |

| 2.1 | BUSINESS CONTINUITY (2.13/14) | | | Status Reported to Audit Committee | FINDINGS | | |
|---|---|---|---|---|---|---|---|
| Ref | Original Recommendation | Original Management Comment | Original Impl'n Date and Manager Responsible | | Status | Comments / Implications / Recommendations | Updated Response |
| 1a | All Business Continuity Plans should be submitted to the Risk and Business Continuity Team in a timely manner to enable a regular review. **(Medium)** | This is a perennial problem, somewhat worse this year. Department Managers will be debriefed on this Audit to inform them of the findings and recommendation. The SDB and the SMB will be asked to endorse the recommendation | 1 April 2014 Risk & Business Continuity Manager. All Department Managers | 1 | 2 | We reviewed a report which was presented at Audit, Governance and Review Committee in January 2015. The report detailed that service business continuity plans are reviewed each year and contain the following; • Corporate and Departmental arrangements; • Crisis Management; • Industrial Action and Infection Diseases; | |

| 2.1 | BUSINESS CONTINUITY (2.13/14) | | | Status Reported to Audit Committee | FINDINGS | | |
|---|---|---|---|---|---|---|---|
| Ref | Original Recommendation | Original Management Comment | Original Impl'n Date and Manager Responsible | | Status | Comments / Implications / Recommendations | Updated Response |
| | | | | | | • Fuel; and<br>• Fire Stations.<br><br>The report further detailed that the Risk & Business Continuity Department was working towards a visible and available business continuity management system via the intranet.<br><br>This will ease the process of submitting plans to the Risk and Business Continuity Team in a timely manner.<br><br>We therefore consider that adequate progress is being made to complete this recommendation and have not therefore re-iterated this. | |
| 2 | A planned schedule of Business Continuity testing should be established to ensure that the Business Continuity Plans are fit for purpose and teams are knowledgeable of their roles.<br><br>**(Medium)** | A formal exercising and testing programme will be prepared and published. | 31 January 2014<br><br>Risk & Business Continuity Manager | 1 | 3 | We were not provided with sufficient evidence at the time of review; and therefore we could not confirm that this has taken place.<br><br>**Recommendation Restated.** | |

| 2.2 | PARTNERSHIPS (3.13/14) | | | Status Reported to Audit Committee | FINDINGS | | |
|---|---|---|---|---|---|---|---|
| Ref | Original Recommendation | Original Management Comment | Original Impl'n Date and Manager Responsible | | Status | Comments / Implications / Recommendations | Updated Response |
| **4b** | A signed agreement between all parties should be held by the Service for each partnership to provide assurance to the Service that all parties have agreed to their respective responsibilities. **(Medium)** | Agreed | Sept 2014 Partnership Manager | 1 | 3 | We reviewed a sample of 8 Partnerships from the Partnership Register. We found that the forms were completed to some extent for all 8 partnerships however we could not evidence that the Partnership agreements had been appropriately signed off. **Recommendation Restated**. | |

| 2.4 | IT GENERAL COMPUTER CONTROLS (6.13/14) | | | Status Reported to Audit Committee | FINDINGS | | |
|---|---|---|---|---|---|---|---|
| Ref | Original Recommendation | Original Management Comment | Original Impl'n Date and Manager Responsible | | Status | Comments / Implications / Recommendations | Updated Response |
| 2a | Management should ensure that It policies are periodically reviewed, in particular the Information Technology Acceptable Use Policy, and all IT policy documents should identify the date for review and contain a review history. **(Low)** | This can be reviewed as part of ensuring the CoCo for Airwave etc. as part of the Control relocation project | December 2014 Jan Swanwick | 1 | 3 | Through discussion with the Head of ICT we established that the Information Technology Acceptable Use Policy had not been reviewed. **Recommendation Restated.** | |

| 2.5 | FOLLOW UP (9.13/14) | | | Status Reported to Audit Committee | FINDINGS | | |
|---|---|---|---|---|---|---|---|
| Ref | Original Recommendation | Original Management Comment | Original Impl'n Date and Manager Responsible | | Status | Comments / Implications / Recommendations | Updated Response |
| 3.4 | PROPERTY MAINTENANCE (7.12/13) | | | | | | |
| 3.4.2 | **Recommendation Revised** <u>**</u>  The Services should review the process to record and monitor if repairs are completed within the required timescales.  This could then be utilised to determine whether job sheets have been provided and use this as a basis to approve payments for repairs conducted by contractors.  (Medium) | Significant investment has been agreed by the Authority for an integrated Property Software Solution that will cover the RAG assessment of works. There is also an interim measure in place on orders.  10% checks of work are now formalised the sample will be increased only to the extent that it is cost effective to do so.  A new system will enable job sheet timeframes to be captured and monitored. | 31st December 2014  Property Services Manager | 1 | 3 | We were not provided with sufficient evidence at the time of review; and therefore we could not confirm that this has taken place.  **Recommendation Restated.** | |
| | Follow Up 11/12 (8.11/12) | | | | | | |

| 2.5 | FOLLOW UP (9.13/14) | | | Status Reported to Audit Committee | FINDINGS | | |
|-----|--------------------|---|---|------|---------|---|---|
| Ref | Original Recommendation | Original Management Comment | Original Impl'n Date and Manager Responsible | | Status | Comments / Implications / Recommendations | Updated Response |
| 3.5.1 | **Recommendation Restated** Reporting should be undertaken using the system Dream to monitor ordering patterns that may be indicative of disaggregated ordering practice. It is recommended these be run twice a year, unless major issues are uncovered. **(Medium)** | None | 30th June 2014 Purchasing and Supplies Manager | 1 | 3 | We were not provided with sufficient evidence at the time of review; and therefore we could not confirm that this has taken place. **Recommendation Restated.** | |
| | EMPLOYEE TAXES (2.12/13) | | | | | | |
| 3.5.2 | **Recommendation Restated** In addition to the work already undertaken, Essex Fire Authority should continue to recover the excess Class 1A NIC from HMRC. As there is likely to be tax and NIC due to HMRC on the payments discussed in 3.7 any overpayment can be set off against these sums. **(Medium)** | None | 30th September 2014 Deputy Director of Finance | 1 | 3 | We were not provided with sufficient evidence at the time of review; and therefore we could not confirm that this has taken place. **Recommendation Restated.** | |

**Essex Fire Authority** | 8

# Appendix A: Definitions for Progress Made

The following opinions are given on the progress made in implementing recommendations.

This opinion relates solely to the implementation of those recommendations followed up and not does not reflect an opinion on the entire control environment.

| Progress in implementing recommendations | Overall number of recommendations fully implemented | Consideration of high recommendations | Consideration of medium recommendations | Consideration of low recommendations |
|---|---|---|---|---|
| Good | 75% + | None outstanding | None outstanding | All low recommendations outstanding are in the process of being implemented |
| Reasonable | 51 – 75% | None outstanding | 75% of medium recommendations made are in the process of being implemented | 75% of low recommendations made are in the process of being implemented |
| Little | 30 – 50% | All high recommendations outstanding are in the process of being implemented | 50% of medium recommendations made are in the process of being implemented | 50% of low recommendations made are in the process of being implemented |
| Poor | < 30% | Unsatisfactory progress has been made to implement high recommendations | Unsatisfactory progress has been made to implement medium recommendations | Unsatisfactory progress has been made to implement low recommendations |

# ESSEX FIRE AUTHORITY
## Essex County Fire & Rescue Service

| MEETING | Audit Governance & Review Committee | AGENDA ITEM 6 |
|---|---|---|

| MEETING DATE | 15 July 2015 | REPORT NUMBER EFA/058/15 |
|---|---|---|

| SUBJECT | Annual Internal Audit Report |
|---|---|

| REPORT BY | The Finance Director & Treasurer, Mike Clayton |
|---|---|

| PRESENTED BY | The Finance Director & Treasurer, Mike Clayton |
|---|---|

## SUMMARY

To consider the Annual Internal Audit Report - Year ended 31 March 2015 attached as an appendix.

| LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 | |
|---|---|
| List of appendices attached to this paper:<br>Internal Audit Report Business Planning<br>Internal Audit Report Risk Management<br>Internal Audit Report Follow Up on Previous Internal Audit Recommendations | |
| Proper Officer: | Mike Clayton |
| Contact Officer: | The Finance Director and Treasurer<br>Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB<br>Tel: 01376 576000<br>mike.clayton@essex-fire.gov.uk: |

# Essex Fire Authority

Annual Internal Audit Report - Year ended 31 March 2015

Presented at the Audit Committee meeting of:

15 July 2015

Baker Tilly Risk Advisory Services LLP

# Contents

# 1 Introduction

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

This is achieved through a risk-based plan of work, agreed with management and approved by the Audit, Governance & Review Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led risk register.

# 2 The Head of Internal Audit Opinion

The purpose of our annual the Head of Internal Audit Opinion is to contribute to the assurances available to the Treasurer and the Authority, through the Audit, Governance & Review Committee.  This opinion will in turn assist the Authority in the preparation of its annual governance statement.

For the 12 months ended 31 March 2015, based on the work we have undertaken, our opinion below details the adequacy and effectiveness of your organisation's risk management, internal control and governance arrangements. We also show below the direction of travel of our opinions.

| Year | 2012/13 | 2013/14 | | 2014/15 |
| --- | --- | --- | --- | --- |
| Governance | | | | The Authority had adequate and effective Governance arrangements. |
| Risk Mngt & Assurance Framework | | | | The Authority has adequate risk management arrangements.  We identified some significant weaknesses in the documentation of the risk management processes. However, other internal audits provided assurance on the management of strategic and operational risk. |
| Internal Control | | | | The Authority had adequate control arrangements in place; however, some areas of weakness were identified that required improvement. |

Further detail supporting our opinion can be found over the page.

## 2.1 The basis of our opinion

**Governance**

Our Governance opinion has been informed by our reviews of Budgetary Control and Business Planning which resulted in positive assurances and did not identify any significant issues in relation to the control framework or any Governance issues.

This has resulted in an overall Green (positive) opinion relating to governance.

**Risk Management**

Through a review of the Authority's Risk Management processes we concluded that the controls upon which the organisation relies on to manage Risk Management are not suitably designed, consistently applied or effective. We identified some significant weaknesses in the documentation of the risk management processes, including controls, assurances and actions on the risk register which require prompt attention.

We would expect the Authority to consider in the formulation of the AGS, the risk management weaknesses identified along with the actions identified for improvements.

However, our overall risk management opinion was also informed by four internal audits (Budget Setting and Control, Fleet Management, Performance Management, Business Planning) which provided assurance on strategic risks. Each of these reviews resulted in positive assurance opinions and have influenced our overall opinion that strategic risks are in practice being managed effectively.

This has resulted in an overall Amber (positive) opinion relating to risk management.
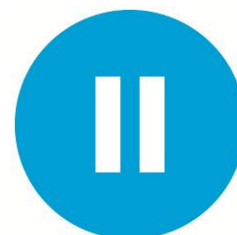
**Control**

Of the eight assurance reports issued during 2014/15 all have resulted in positive assurances. Three were Substantial Assurance (green), four were Resonable Assurance (amber/green) and one was Some Assurance (amber/red).

This has resulted in an overall Amber (positive) opinion relating to the control environment.

A summary of internal audit work undertaken, and the resulting opinions, is provided at appendix A.
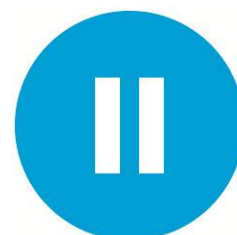
## 2.2  Acceptance of 2014/2015 Internal Audit recommendations

All of the recommendations made during the year were accepted by management.

## 2.3  Implementation of internal audit recommendations

Our follow up of the recommendations from previous years and current audit assignments, showed that the organisation had made Reasonable progress in implementing the agreed actions.
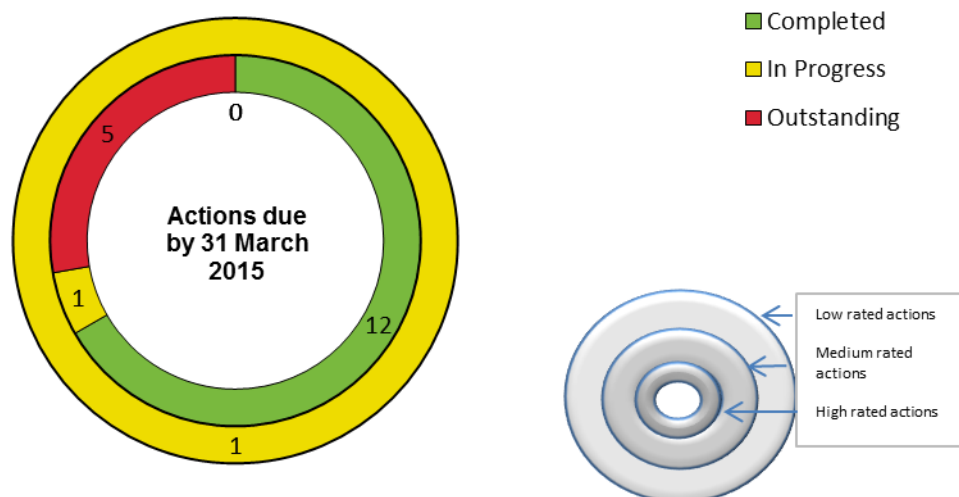
There was also five low priority and one medium priority recommendations that were not due for completion at the time of our review which are not included in the graph above.

## 2.4  Reliance placed upon work of other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

# 3   Our performance

## 3.1  Wider value-adding delivery

As part of our client service commitment, during 2014/15 we issued 12 local government and four emergency services client updates.

We have provided benchmarking within all of our reports on the number and category of recommendations and assurance opinions across other Fire Authorities.

We have also undertaken thematic reports on Fuel Cards and Communications between Bedfordshire & Luton Fire and Rescue Authority, Cambridgeshire & Peterborough Fire Authority and Essex Fire Authority and suggested ways in which arrangements could be improved.

We have made suggestions throughout our audit reports based on our knowledge and experience in the public sector to provide areas for consideration.

## 3.2  Conflicts of interest

We (Baker Tilly) have not undertaken any work or activity during 2014/15 that would lead us to declare any conflict of interests.

## 3.3  Conformance with internal auditing standards

Baker Tilly affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).
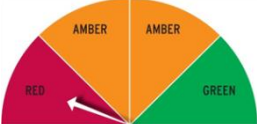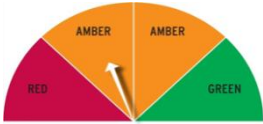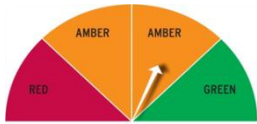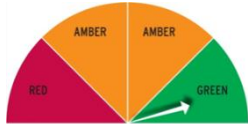
Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our Risk Advisory service line commissioned an external independent review of our internal audit services in 2011 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that "the design and implementation of systems for the delivery of internal audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner".

# Appendix A: Internal Audit Opinion and Recommendations 2014/15

| Assignment | Opinion | Actions agreed | | |
|---|---|---|---|---|
| | | H | M | L |
| Human Resources - Transactional Process | | 2 | 1 | 3 |
| Fleet Management | | 0 | 0 | 0 |
| Communications | | 0 | 4 | 2 |
| Fuel Cards | | 1 | 0 | 1 |
| Performance Management | | 0 | 2 | 2 |
| Key Financial Controls | | 0 | 1 | 2 |
| Budgetary Setting & Control | | 0 | 0 | 2 |
| Business Planning **(DRAFT)** | | 0 | 4 | 1 |
| Risk Management **(DRAFT)** | | 1 | 7 | 2 |
| Follow up **(DRAFT)** | Reasonable Progress | | | |

**We use the following levels of opinion classification within our internal audit reports**



| | | | |
|---|---|---|---|
| Taking account of the issues  identified, the Authority cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.<br><br>Action needs to be taken to ensure this risk is managed. | Taking account of the issues identified, whilst the Authority can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed. | Taking account of the issues identified, the Authority can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.<br><br>However we have identified issues that, if not addressed, increase the likelihood of the risk materialising. | Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective. |

# For further information contact

**Daniel Harris, Head of Internal Audit**

Daniel.harris@bakertilly.co.uk

Tel: 07792 948767

**Suzanne Lane, Senior Manager**

Suzanne.lane@bakertilly.co.uk

Tel: 07720 508148

**Alan Grisley, Assistant Manager**

Alan.grisley@bakertilly.co.uk

Tel: 07528 970123

# ESSEX FIRE AUTHORITY
## Essex County Fire & Rescue Service

| MEETING | | AGENDA ITEM | |
|---|---|---|---|
| **Audit, Governance & Review Committee** | | **7** | |

| MEETING DATE | | REPORT NUMBER | |
|---|---|---|---|
| 15 July 2015 | | **EFA/059/15** | |

| SUBJECT | |
|---|---|
| **Annual Governance Review** | |

| REPORT BY | |
|---|---|
| The Finance Director & Treasurer, Mike Clayton | |

| PRESENTED BY | |
|---|---|
| The Finance Director & Treasurer, Mike Clayton | |

## SUMMARY

The Authority has a statutory duty to include an Annual Governance Statement in its accounts. In preparation for this the Audit, Governance and Review Committee is asked to review the governance framework and the effectiveness of the system of internal audit. This has been carried out by means of a gap analysis measuring existing governance arrangements against expectations established in the Local Code of Corporate Governance.

## RECOMMENDATIONS

Members of the Audit, Governance and Review Committee are asked to:

1. Review and agree the schedule setting out how the Authority meets the principles of the Local Code of Corporate Governance (Appendix 1);

2. Determine whether an effective system of internal audit has been in place during the year to 31 March 2014; and

3. Approve  the Annual Governance Statement (Appendix 2).

## BACKGROUND

Each local authority operates through a governance framework. It is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes. Traditionally local Government has conformed in whole or in part and in many different ways to the principles of good governance and has a sound base on which to build. There has been a strong regulatory framework in existence and robust arrangements for monitoring and review.

Since 2007 a framework has been adapted for local Government purposes; it is comprised of six core principles taken from the Good Governance Standard developed by the Independent Commission on Good Governance in Public Services, with support from the Office for Public Management and CIPFA[1], in partnership with the Joseph Rowntree Foundation.

The present Local Code of Corporate Governance was adopted by the Authority in 2007 and is subject to annual review before the Authority, through the Policy & Strategy Committee, to approve the Annual Governance Statement which forms part of the annual accounts in June of each year.

**Local Code of Corporate Governance**

It is widely recognised that the framework model demonstrates best practice in respect of developing a local code of governance.

Performance in each of the code's dimensions is measured against a series of narratives that collectively demonstrate how effective existing governance arrangements are and where there may be areas for improvement. Appendix 1 sets out details of each of the dimension's narratives and the evidence of where this can be seen in action, together with any assurance provided to Members on the evidence.

The Committee is asked to consider whether there is clarity on the following aspects of the assurance process:

- **Identify** - What the Authority wants assurance on;

- **Assess** - How the assurance is provided;

- **Review** - How the assurance is reviewed and validated; and

- **Act** - What has been done with the information.

It is a core component of the local code that the Authority publishes an Annual Governance Statement which clearly sets out, where the review of corporate governance arrangements has revealed gaps, and which areas require action to ensure effective governance in the future. This statement will form part of the Authority's accounts and be approved by the Policy & Strategy Committee in June. Prior to approval, this Committee is being asked to review the corporate governance arrangements and the evidence of compliance with the principles of the code.

**REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

Under the Accounts and Audit regulations there is also a requirement that the Authority shall, at least once per year, conduct a review of the effectiveness of internal audit.

For the Service the internal audit function in 2014/15 comprises:

---

[1] Chartered Institute of Public Finance and Accountancy

- Internal Audit Services provided under an outsourced contract by Baker Tilly;

- Operational audit reviews carried out by a team of Officers within the Service's Human Resources and Organisational Development Directorate; and

- Specific functional reviews, generally by consultants.

Although the operational audits and functional reviews are not carried out in accordance with the guidelines for internal audit work they can provide an independent review of the effectiveness of a function and will therefore support the assessment of the effectiveness of the governance arrangements within the Authority.

**EFFECTIVENESS**

The guidance is clear that this review should concentrate on the effectiveness not the process of internal audit. Effectiveness should be judged by the contribution that the function makes to the organisation. The contractual arrangements for the Authority are entered into jointly with two other Fire Authorities giving us the opportunity to share best practice and benefit from joint working opportunities. Baker Tilly provide internal audit services under a contract with the Authority.

Each internal Audit report clearly sets out the level of assurance found. The levels of assurance are;

| | |
|---|---|
| Substantial Assurance | Robust series of internal controls in place which should ensure continuous and effective achievement of the control objective. |
| Reasonable Assurance | Reasonable number of internal controls in place, however may not be operated all the time. |
| Limited Assurance | The controls in place are not sufficient to ensure the continuous and effective achievement of the control objective. |
| No Assurance | Fundamental breakdown or absence of core internal controls. |

All of the planned internal audit work for the year has been completed. The table below sets out the details of the audits completed during the last 12 months;

| Area | 2014/15 Audit Conclusion |
|---|---|
| HR Transactional Processes | Some Assurance |
| Fleet Management | Substantial Assurance |
| Communications | Reasonable Assurance |
| Fuel Cards | Reasonable Assurance |
| Performance Management | Reasonable Assurance |
| Risk Management | No assurance |
| Key Financial Controls | Substantial Assurance |
| Budgetary Setting & Control | Substantial Assurance |

| Area | 2014/15 Audit Conclusion |
|---|---|
| Business Planning | Reasonable Assurance |
| Follow Up Review | Reasonable Progress |

The table below compares the audit results for the last five years;

| | Limited Assurance or No Assurance | Reasonable Assurance | Substantial Assurance |
|---|---|---|---|
| 2010/11 | 0 | 10 | 4 |
| 2011/12 | 0 | 4 | 2 |
| 2012/13 | 1 | 5 | 2 |
| 2013/14 | 2 | 4 | 3 |
| 2014/15 | 2 | 4 | 3 |

The internal audit process is risk based with some follow up reviews. A separate report is provided to each meeting of the Audit & Review Committee setting out the progress on implementation of the agreed actions for each audit recommendation. The review by Baker Tilly reports "reasonable progress" in implementing agreed internal audit recommendations.

The Audit, Governance and Review Committee also have the opportunity for a private session with the Internal Auditor as part of each meeting.

## EFFECTIVENESS OF AUDIT COMMITTEE

There has been no review of the effectiveness of the Audit, Governance and Review Committee in the last year. Attendance at meetings is reported annually to the Fire Authority. Members are asked to consider whether further work on reviewing the Committee's effectiveness should be undertaken.

## RISK MANAGEMENT IMPLICATIONS

Failure to adopt a local code of corporate governance will leave the Fire Authority open to challenge as to the effectiveness of its arrangements for being able to demonstrate the appropriate levels of stewardship and accountability in its business activities, and the continued ability to deliver its aims and objectives.

Corporate governance arrangements are assessed on an annual basis by the Authority's auditors. Failure to take steps to ensure adequate governance arrangements are introduced will have a negative impact on performance reporting relating to the Authority. The measures set out in this report are intended to mitigate these risks.

## LEGAL IMPLICATIONS

The Annual Governance Statement is a statutory requirement set out in Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 (SI 2006/564). The requirement for a review of the Effectiveness of the System of Internal Audit is set out in Regulation 6(3). The guidance recommends that the review of the effectiveness of the system of internal control, also required under the same Audit Regulations, should be reported in the Annual Governance Statement.

There are no direct legal implications associated with accepting the recommendations set out in this report. There may however be significant legal risk associated with a failure to ensure adequate corporate governance arrangements are in place.

## FINANCIAL IMPLICATIONS

There are no direct financial implications associated with accepting the recommendations set out in this report. There may however be significant financial risk associated with a failure to ensure adequate corporate governance arrangements are in place.

## USE OF RESOURCES

Response to the gap analysis undertaken will need to consider whether the Authority's resources are sufficient to enable compliance. Specific approval will be sought if additional resources are required.

| **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985** | |
|---|---|
| **List of appendices attached to this paper:** | |
| Appendix 1 – Local Code of Corporate Governance: Gap Analysis | |
| Appendix 2 – Draft Governance Statement | |
| **List of background documents (not attached):** | |
| | |
| Proper Officer: | Mike Clayton |
| Contact Officer: | The Finance Director & Treasurer |
| | Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB |
| | Tel: 01376 576000 |
| | mike.clayton@essex-fire.gov.uk |

| Key Principle | What we do | Evidence of Compliance | Assurance and Actions |
|---|---|---|---|
| **Principle 1**<br><br>Focus on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for Essex | • Set out a clear Service Strategy for the Authority<br><br>• Have a clear understanding of the community risks we manage through the Strategic Assessment of Risk<br><br>• Use our Integrated Risk Management Plan to explain how we reduce and respond to community risks and consult on our approach.<br><br>• Provide regular Performance Reports on key measures and an Annual Report.<br><br>• Publish external assessments of our performance.<br><br>• Work with Partners to deliver improvements to community safety. | Service Strategy 2014-2019<br><br>Strategic Assessment of Risk 2013<br><br>Integrated Risk Management Plan<br><br>Performance Report<br><br>Annual Report<br><br>Statement of Accounts<br><br>Medium Term Financial Strategy<br><br>Partnership Register | Audit, Governance & Review Committee<br><br>2013 Peer Review and Action Plan<br><br>Internal Audit Plan, Reports and follow up on recommendations<br><br>Internal Audit Annual Report<br><br>External Audit Governance Report and Management Letter<br><br>Approval of Service Strategy by Essex Fire Authority |

| Key Principle | What we do | Evidence of Compliance | Assurance and Actions |
|---|---|---|---|
| **Principle 2**<br><br>Members and officers working together to achieve a common purpose with clearly defined functions and roles | • Constitution sets out the roles and responsibilities of Members and Officers and defines Authority and Committee terms of reference.<br><br>• Use Job Descriptions or Role Maps to define individual staff responsibilities.<br><br>• Have a clear, written scheme of delegation.<br><br>• Have clearly defined roles for a Chief Fire Officer/Chief Executive, a Clerk and Monitoring Officer and the Treasurer as the Senior Finance Officer.<br><br>• Have a clear Service Strategy that flows down to Departmental Strategies and individual objectives. | Fire Authority Constitution<br><br>Authority and Committee agendas. Papers and minutes<br><br>Scheme of Delegation<br><br>Job Descriptions<br><br>Service and Departmental Strategies<br><br>Appraisal Records | Members<br><br>Clerk and Monitoring Officer<br><br>Treasurer<br><br>Internal Audit Review of Governance |

| Key Principle | What we do | Evidence of Compliance | Assurance and Actions |
|---|---|---|---|
| **Principle 3**<br><br>Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour | • Service strategy sets out the core values.<br><br>• Provide clarity to Members, Officers and Staff on the expected standard of behaviour.<br><br>• Provide arrangements for reporting and investigating any allegations of misconduct.<br><br>• Record the personal interests of Members and Senior Officers.<br><br>• We treat people fairly and follow our Equality and Diversity Policy.<br><br>• We have a zero tolerance approach to fraud and corruption.<br><br>• We remind staff of their rights and responsibilities.<br><br>• We encourage feedback from those we serve. | Service Strategy 2014-2019<br><br>Members Code Of Conduct<br><br>Staff Code of Conduct and associated policies<br><br>Whistleblowing Policy<br><br>Joint Standards Committee with Essex County Council<br><br>Disciplinary Policy<br><br>Register of Members Interests and Annual Declaration of Interests<br><br>Equality and Diversity Policy<br><br>Anti- Fraud Policy<br><br>Public Opinion Survey<br><br>Communications Strategy | Monitoring Officer<br><br>Annual Report to Authority on Workforce Matters<br><br>External Audit review<br><br>Internal Audit review of Governance |

| Key Principle | What we do | Evidence of Compliance | Assurance and Actions |
|---|---|---|---|
| **Principle 4**<br><br>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk | • Authority and Committee agendas, papers and minutes available for public scrutiny.<br><br>• Members required to declare any interest in an Authority decision.<br><br>• Implications of decisions identified.<br><br>• Freedom of Information responses and expenditure information published.<br><br>• Publication scheme advising what information is available.<br><br>• Public consultation on community safety issues with feedback used to inform the decisions made.<br><br>• Accessible arrangements for the purchase of goods and services. | Information published on Authority website<br><br>Authority and Committee minutes<br><br>Authority and Committee papers<br><br>Reports on the results of Consultations<br><br>Use of Delta e-sourcing website linked to Government Contracts Finder | Audit, Governance and Review Committee reviews key decisions and performance information.<br><br>Internal Audit Review of Risk Management Arrangements<br><br>Freedom of Information requests |

| Key Principle | What we do | Evidence of Compliance | Assurance and Actions |
|---|---|---|---|
| **Principle 5**<br><br>Developing the capacity and capability of Members and officers to be effective | • Induction programmes for Members and senior officers.<br><br>• Member workshops and briefings on key issues.<br><br>• Job Descriptions or Role Maps for all staff.<br><br>• Constitution ensures that Members have access to the information they need.<br><br>• Requirement for senior officers to have appropriate professional qualifications and to undertake continuous professional development.<br><br>• Appraisal of staff.<br><br>• Wide ranging programme for learning and development. | Member workshops in 2013<br><br>Job Descriptions<br><br>Achievement First appraisal system<br><br>Training Plan | 2013 Peer Review<br><br>Audit, Governance & Review Committee review of Governance arrangements |

| Key Principle | What we do | Evidence of Compliance | Assurance and Actions |
|---|---|---|---|
| **Principle 6**<br><br>Engaging with local people and other stakeholders to ensure robust public accountability | • Publication scheme advising what information is available.<br><br>• Public consultation on community safety issues with feedback used to inform the decisions made.<br><br>• Use of Active8 network of community representatives.<br><br>• Annual Report<br><br>• Authority and Committee agendas, papers and minutes available for public scrutiny.<br><br>• Freedom of Information responses and expenditure information published.<br><br>• Consultation and Negotiation framework agreed with staff representative bodies. | Information published on Authority website<br><br>Authority and Committee minutes<br><br>Authority and Committee papers<br><br>Reports on the results of Consultations<br><br>Public Opinion Survey<br><br>Joint Negotiation and Consultative Committee | Reports to the Authority<br><br>Freedom of Information Requests<br><br>Internal Audit Report on Governance |

# GOVERNANCE STATEMENT

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards of conduct, probity and professional competence, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.  The Authority also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Authority has approved and adopted a code of corporate governance, which is consistent with the framework of good governance published by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives.  This statement explains how the Authority has complied with the code and also meets requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance Statement.

## The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, for the control and management of all activities and how which it accounts to, engages with and leads the community.  It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level.  It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.  The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2014 and up to the date of approval of the statement of accounts.

## The Governance Framework

The Governance Framework is comprised of 6 core principles that are detailed below:

- Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of Members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

## Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.  The review of effectiveness is informed by the work of the strategic managers within the Authority who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Audit, Governance and Review Committee has responsibility for:

- overseeing the implementation and monitoring the operation of the code;
- reviewing the operation of the code in practice; and
- reporting on compliance with the code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

In addition, the Fire Authority's Internal Auditor has responsibility to review and report to the Authority's Audit, Governance and Review Committee annually, to provide assurance on the adequacy and effectiveness of the Authority's arrangements for governance, risk management and control.  An overall positive opinion was given for 2014/15.  The provision of Internal Audit Services is through a contract with Baker Tilly LLP.  The Authority is able to take substantial assurance from the budgetary controls and the key financial controls.

The Audit, Governance and Review Committee have been advised on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Authority's financial management arrangements conform to the governance requirements contained in the CIPFA statement on "The Role of the Chief Financial Officer in Local Government (2010)".  Internal Audit reports on the key area of financial controls confirm that they provide substantial assurance to the Authority.

## Significant Governance Issues

On the basis of a review of the corporate governance arrangements we report that there are no aspects where there is no evidence of compliance with the core principles.  During the year Members reviewed a number of key areas.  These included:

- The level of the Authority's financial reserves;

- The Service Strategy 2014-2019; and

- Finance and procurement policies.

A number of areas were identified in the 2013/14 governance statement for further development.  The most significant areas and the actions undertaken are summarised below:

| Area | Actions |
|------|---------|
| Refresh of the Partnership Register | The register has been amended, but further work to ensure that the Partnership Manager has signed copies of all agreements is required. |

| Area | Actions |
|------|---------|
| Development and implementation of an action plan to address lack of assurance in Corporate Risk and Business Continuity | The action plan was reported to the Authority and a new risk register reported in February 2015.  Further work to develop the engagement of all departmental managers in the management of corporate risks is required to ensure that full assurance can be provided to the Authority. |
| Completion of the Workforce Transformation Programme | The programme completed in March 2015 and a closure report was noted by the Authority in June 2015. |
| Review of Authority Work Plan | The Authority reviewed the work plan in April 2015 |

Member comments, internal audit reports, external audit comment and other reviews have identified a number of areas where further work on governance or control issues is required, Further development of our plans to improve the overall governance arrangements will be carried out in the following areas during 2015/16:

- Completion of actions plan to address lack of assurance in Corporate Risk and Business Continuity;
- The level of reserves and the approach to investment of surplus cash balances; and
- The 2020 programme of Service re-design.

The most significant area to be addressed is the assurance around risk management.  This will be done through improvements to risk descriptions and controls, reviewing risks and controls in line with review dates, documenting the assurance process, and reviews of departmental risk registers by the Strategic Management Board, and controls measures by the Strategic Delivery Board.  We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements.  We are satisfied that these steps will address the areas where there is a need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation through the Audit, Governance and Review Committee and as part of our next annual review.

## Internal Control

The effectiveness of the internal audit arrangements and the system of internal control were included in the annual governance review.  Elements of this review were also informed by the work of the Internal Auditors and the regular reporting on financial and performance issues to Members.  As part of these reviews action plans were identified and reported on.  There were no materially significant internal control issues identified during the year.

**Signed:** _____

    Chairman, Essex Fire Authority

**Signed:** _____

Acting Chief Fire Officer

# ESSEX FIRE AUTHORITY
## Essex County Fire & Rescue Service

| MEETING | AGENDA ITEM |
|---|---|
| **Audit Governance & Review Committee** | **8** |

| MEETING DATE | REPORT NUMBER |
|---|---|
| 15 July 2015 | **EFA/060/15** |

| SUBJECT | |
|---|---|
| **Dates and Times of Future Meetings** | |

| REPORT BY | |
|---|---|
| Committee Services Manager, Judith Dignum | |

| PRESENTED BY | |
|---|---|
| Committee Services Manager, Judith Dignum | |

## SUMMARY

This report informs the Committee of future meeting dates and seeks a decision regarding their start time.

## RECOMMENDATION

Members of the Committee are asked to note the dates of future meetings and to determine an appropriate start time.

## BACKGROUND

The following dates for future meetings of the Committee were agreed by Essex Fire Authority at its annual meeting on 10 June:

**2015**
7 October

**2016**
20 January          13 July
20 April             5 October*

**2017**
18 January*         12 July*
19 April*

* provisional date

Meetings of the Committee always take place on a Wednesday and, to date, they have commenced at 2.00pm.  Following a suggestion made at the Fire Authority meeting on 10

June, Members are asked to consider whether they would prefer future meetings to be held in the morning, with a start time of 10am.  This would bring the Committee in line with the Policy and Strategy Committee, and the Fire Authority itself.

**LEGAL, FINANCIAL, RISK MANAGEMENT, ENVIRONMENTAL AND EQUALITY IMPLICATIONS**

There are no relevant implications arising from this report.

| **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985** | |
| --- | --- |
| **List of appendices attached to this paper:** | |
| None | |
| **List of background documents (not attached):** | |
| None | |
| Proper Officer: | Judith Dignum, Committee Services Manager |
| Contact Officer: | Head of Democratic Services<br>Essex County Council, County Hall, Chelmsford, CM1 1LX<br>Tel: 03330 139825<br>Governanceteam@essex.gov.uk |

# ESSEX FIRE AUTHORITY
# Essex County Fire & Rescue Service

| | | | |
|---|---|---|---|
| MEETING | **Audit, Governance & Review Committee** | AGENDA ITEM | **9** |
| MEETING DATE | 15 July 2015 | REPORT NUMBER | **EFA/061/15** |
| SUBJECT | **Budget Review – May 2015** | | |
| REPORT BY | The Finance Director & Treasurer | | |
| PRESENTED BY | The Finance Director & Treasurer, Mike Clayton | | |

**SUMMARY**

This paper reports on expenditure against budget as at 31 May 2015 and identifies major variances to the budget for the period.

**RECOMMENDATIONS**

Members are asked to:

1.  Note the review of income and expenditure against the budget; and

2.  Note the actual position with capital expenditure;

**BACKGROUND**

This report reviews the actual expenditure against budget to 31 May 2015 for both revenue and capital expenditure. .

A summary of the net revenue expenditure for the two months to 31 May is shown in the table below.

| Description | YTD Actual £'000s | Variance YTD £'000s | % Variance YTD | YTD Commitments £'000s |
|---|---|---|---|---|
| Firefighters | 5,564 | (170) | -3% | - |
| On-Call Fire-Fighters | 542 | 27 | 5% | - |
| Control | 205 | (24) | -11% | - |
| Support Staff | 1,864 | 141 | 8% | 43 |
| **Total Employment Costs** | **8,174** | **(26)** | **0%** | **43** |
| | | | | |
| Support Costs | 256 | (64) | -20% | 104 |
| Premises & Equipment | 1,621 | (70) | -4% | 530 |
| Other Costs & Services | 515 | (37) | -7% | 298 |
| Ill health pension costs | 328 | (5) | -1% | - |
| Financing Items | 301 | (1) | 0% | 8 |
| Operational income | (773) | (87) | 13% | 0 |
| Contribution to/(from) Reserves | - | (60) | 0% | - |
| **Total Other Costs** | **2,249** | **(324)** | **-13%** | **940** |
| | | | | |
| **Total Budget** | 10,423 | (350) | **-3%** | 983 |
| | | | | |
| **Total Funding** | (14,418) | - | **0%** | - |
| | | | | |
| **Funding Gap / (Surplus)** | (3,995) | (350) | | 983 |

More detailed figures are provided at page 6.

**STAFFING**

Overall employments costs are £26K under budget for the 2 month to the end of May.

The underspend for, whole time fire-fighters is £170K (3%), this comprises lower headcount than budgeted for (c.£70K) and a reduction in employers pension contributions following the introduction of the new firefighters pension scheme from 1st April 2015 (£100K). The employers' contribution rates for the firefighters pension scheme were not announced until after the budget was finalised.

For on-call firefighters, spend is £27K above budget, whilst the introduction of the new firefighters pension scheme reduces the cost for whole-time firefighters the new employers contribution rates are higher for on-call firefighters, this accounts for an overspend of £18K.

The impact of the changed employers contribution rates for the firefighters pension scheme will result in lower contributions overall and therefore produce an underspending against budget in 2015-16. The impact of this will be assessed in conjunction with the pensions manager. A virement will then be proposed to transfer the expected underspend from the pensions on-cost budget to an "in year" reserve.

The £141K overspend on support staff pay is being reviewed with budget holders, the largest element relates to casual and temporary staff which is £78K overspent. A second factor (c. £30K) is the resourcing arrangements for project 2020, a virement to cover this has been proposed, once approved this will be reflected in the June Finance Report.

Whole-time fire-fighter numbers at 739 are 14 (2%) under budget at the end of May the main reason for this is a high number of retirements and leavers (14 in total)

during April. There are no plans to recruit more whole-time fire-fighters at the current time. The staffing position at the end of May is summarised below (% figures rounded):

| 31 May 2015 | Actual | Budget | Variance | |
|---|---|---|---|---|
| Wholetime Firefighters - FTE | 738.5 | 753.0 | -14.5 | -2% |
| On-Call Firefighters - Headcount | 485.0 | 514.0 | -29.0 | -6% |
| Control - FTE | 36.0 | 34.0 | 2.0 | 6% |
| Support Staff - FTE | 260.6 | 262.0 | -1.4 | -1% |
| Total | 1,520.1 | 1,563.0 | -42.9 | -3% |

The figures in the table above show on-call fire-fighters on a headcount basis. On a full time equivalent basis there are 385.5 fire-fighters against a maximum station requirement of 454.

The number of whole-time fire-fighters aged over 50 with more than 30 years' service was 4 at the end of May; we have experienced higher retirement rates in the first two months of the year than anticipated in the budget. The number of fire-fighters over 50 with more than 25 years' service was 67 at the end of January

The graph below shows the numbers of whole-time fire-fighters compared to the budget for the month.
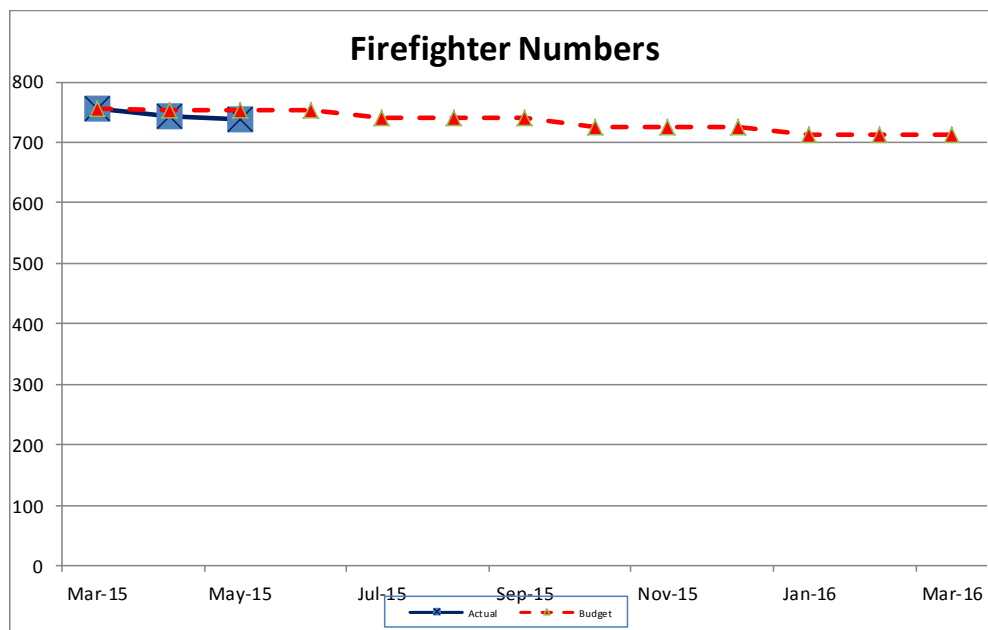


**WATCH BASED FIREFIGHTERS**

The numbers of Watch Based Fire-fighters compared to the target levels set by the Authority are shown below:

| Date | Budgeted Rider Resource | Optimum Rider Resilience Level | Critical Minimum Rider Requirement | Actual Riders | Wholetime Rota Day Working (FTE) | On-Call Firefighters Mixed Crewing (FTE) |
|---|---|---|---|---|---|---|
| 30/04/2015 | 624 | 608 | 576 | 589.5 | 0.0 | 3.3 |
| 31/05/2015 | 624 | 608 | 576 | 584.5 | 0.0 | 3.0 |

Watch based numbers are below the optimum rider resilience level; this level will reduce when the final stage of the withdrawal of Rescue Tenders is completed in the late summer. Action, short of a strike by the Fire Brigades Union as part of the national dispute over pensions is preventing any additional shift working or voluntary overtime by firefighters. The additional shifts worked by on-call fire-fighters, mainly at Dunmow are reported as Full Time Equivalent (FTE) posts in the table above.

## NON PAY RELATED EXPENDITURE

There are no significant variances to report for the 2 months to May.

## CAPITAL EXPENDITURE

Capital expenditure spent and committed for the 2 months to 31 May 2015 is shown in the table below.

Total capital expenditure is £5.4m, the largest item included is £3.7m for new appliances. The figure also includes £290K for Solar Panels and £312K for asset protection. The equipment spend and commitment of £500K includes Thermal imaging Cameras (£344K) and Heavy rescue equipment (£156K)

The investment of £339K in information technology relates to replacing the MIS system for Community Safety, the water section and Fleet Workshops.

| ` | Original Budget 2015/16 £'000s | Approved Changes £'000s | Revised Budget - 18/3/15 £'000s | Total Spend including Commitments £'000s |
|---|---|---|---|---|
| **Property** | | | | |
| New Premises | | | | |
|   Service Headquarters | - | - | - | 110 |
|   Service Workshops | - | - | - | - |
|   Other | - | - | - | - |
| Existing Premises | | | | |
|   Solar Panels | - | 291 | 291 | 290 |
|   Asset Protection | 2,170 | - | 2,170 | 312 |
|   Asset Improvement Works | - | - | - | - |
| **Total Property** | **2,170** | **291** | **2,461** | **712** |
| **Equipment** | **736** | **639** | **1,375** | **500** |
| **Information Technology** | | | | |
|   Projects > £250k | 1,300 | - | 1,300 | 263 |
|   Projects < £250k | 200 | - | 200 | 77 |
| **Total Information Technology** | **1,500** | **-** | **1,500** | **339** |
| **Vehicles** | | | | |
|   New Appliances | 3,161 | 1,221 | 4,382 | 3,688 |
|   Other Vehicles | 608 | 243 | 851 | 164 |
| **Total Vehicles** | **3,769** | **1,464** | **5,233** | **3,852** |
| **Total Capital Expenditure** | **8,175** | **2,394** | **10,569** | **5,403** |

## RISK MANAGEMENT IMPLICATIONS

The review of expenditure against the profiled budget is part of the overall financial control process of the Authority. In exceptional circumstances it allows for budget

virements to ensure that underspending against budget heads can be utilised to fund expenditure against other priorities. If virements are not made there is a risk that the Authority will miss out on opportunities to improve performance and meet key objectives during the year. The Authority's reserves are at the upper end of their target range and the Authority is able to fund short term fluctuations in activity from them when necessary.

The review of the management accounts is one control measure to mitigate the risk of overspending the Authority's budget for the year.

## LEGAL IMPLICATIONS

There are no direct legal implications within this report.

## USE OF RESOURCES

There are no use of resources implications within this report

## ENVIRONMENTAL IMPLICATIONS

There are no environmental implications arising from this report

## EQUALITY IMPLICATIONS

There are no equality implications arising from this report.

| LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 | |
|---|---|
| List of appendices attached to this paper: | |
| Appendix 1 – Expenditure compared to budget to 31 May 2015 | |
| List of background documents (not attached): | |
| Proper Officer: | The Finance Director and Treasurer |
| Contact Officer: | The Finance Director and Treasurer, Mike Clayton<br>Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB<br>Tel: 01376 576000<br>E-mail: mike.clayton@essex-fire.gov.uk |

**EXPENDITURE COMPARED TO BUDGET TO 31 MAY 2015**

| Description | YTD Actual £'000s | Variance YTD £'000s | % Variance YTD | YTD Commitments £'000s |
|---|---|---|---|---|
| Firefighters | 5,564 | (170) | -3% | - |
| On-Call Fire-Fighters | 542 | 27 | 5% | - |
| Control | 205 | (24) | -11% | - |
| Support Staff | 1,864 | 141 | 8% | 43 |
| **Total Employment Costs** | **8,174** | **(26)** | **0%** | **43** |
| | | | | |
| Training | 94 | (10) | -10% | 68 |
| Employee Support Costs | 105 | (25) | -19% | 29 |
| Travel & Subsistence | 57 | (29) | -34% | 7 |
| **Support Costs** | **256** | **(64)** | **-20%** | **104** |
| | | | | |
| Property Maintenance | 310 | (71) | -19% | 192 |
| Utilities | 87 | 8 | 10% | 1 |
| Rent & Rates | 251 | 12 | 5% | - |
| Equipment & Supplies | 246 | 7 | 3% | 66 |
| Communications | 214 | 2 | 1% | 51 |
| Information Systems | 367 | (1) | 0% | 177 |
| Transport | 146 | (27) | -16% | 42 |
| **Premises & Equipment** | **1,621** | **(70)** | **-4%** | **530** |
| | | | | |
| Establishment Expenses | 163 | (31) | -16% | 32 |
| Insurance | 84 | (1) | -2% | - |
| Professional Fees & Services | 226 | (4) | -2% | 266 |
| Democratic Representation | 24 | (2) | -9% | - |
| Agency Services | 18 | 2 | 9% | - |
| **Other Costs & Services** | **515** | **(37)** | **-7%** | **298** |
| | | | | |
| **Ill Health Pension costs** | **328** | **(5)** | **-1%** | **-** |
| | | | | |
| Lease & Interest Charges | 301 | (1) | 0% | 8 |
| Depreciation | - | - | 0% | - |
| Asset management revenue account | - | - | 0% | - |
| Statutory Provision for Capital Financing | - | - | 0% | - |
| Voluntary Provision for Capital Financing | - | - | 0% | - |
| **Financing Items** | **301** | **(1)** | **0%** | **8** |
| | | | | |
| Operational income | (773) | (87) | 13% | 0 |
| Contributions to/ (from) General Balances | - | (60) | 0% | - |
| **Total Net Financing Requirement** | **10,423** | **(350)** | **-3%** | **983** |
| | | | | |
| Revenue Support Grant | (6,422) | - | 0% | - |
| National Non-Domestic Rates | (2,406) | - | 0% | - |
| Council Tax Collection Account | (122) | - | 0% | - |
| Council Tax | (5,467) | - | 0% | - |
| **Total Funding** | **(14,418)** | **-** | **0%** | **-** |

# ESSEX FIRE AUTHORITY
## Essex County Fire & Rescue Service

| ;MEETING | AGENDA ITEM |
|---|---|
| **Audit, Governance and Review Committee** | **10** |

| MEETING DATE | REPORT NUMBER |
|---|---|
| 15 July 2015 | EFA/062/15 |

| SUBJECT | |
|---|---|
| **Treasury Management Strategy** | |

| REPORT BY | |
|---|---|
| The Finance Director & Treasurer, Mike Clayton | |

| PRESENTED BY | |
|---|---|
| The Finance Director & Treasurer, Mike Clayton | |

## SUMMARY

A set of treasury management and capital financing indicators were approved by the Authority in February 2014, which are intended to demonstrate that capital investment plans are affordable and that consequential borrowing will be based upon sound treasury management strategy. This report brings forward a review of the Authority's performance in 2014/15 against these indicators.

## RECOMMENDATIONS

It is recommended that Members:

- Note the treasury management outturn position for 2014/15; and

- Note the performance against the capital financing indicators for 2014/15.

## BACKGROUND

Local Authorities determine their own level of borrowing for capital purposes, based upon their judgement regarding the affordability, prudence and sustainability of that borrowing. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code for Capital Finance in Local Authorities underpins this capital financing system to support authorities in taking decisions upon capital investment.

The aims of the Code are to assist local authorities to ensure that:

- Capital expenditure plans are affordable;

- All external borrowing is at a prudent and sustainable level;

- Treasury management decisions are taken in accordance with professional good practice;

- The authority is accountable, in taking decisions in relation to the above, by providing a clear and transparent framework; and

- The framework established by the Prudential Code is consistent with and supports local strategic and asset management planning and proper option appraisal.

In exceptional circumstances, the Code framework will demonstrate that there is a danger that the above aims will not be met, and so allow the Authority to take remedial action.

There are two aspects to the funding of capital expenditure. Firstly the treatment of capital financing costs through the Authority's Income and Expenditure Account. These are the capital financing charges which are equivalent to a depreciation provision for the assets purchased. Secondly, the treasury management of the cash flows associated with the capital expenditure and the use of external borrowing to provide the cash for capital expenditure.

## CAPITAL FINANCING INDICATORS

The regulatory framework for self-management of capital finance focuses upon capital expenditure plans, external debt and treasury management. The capital financing indicators are designed to support and record decision-making in these three areas. The mandatory indicators are as follows:

**Indicators for affordability**

- Estimate of the incremental impact of capital investment upon Council tax

- Ratio of financing costs to net revenue stream

**Indicators for prudence**

- Net borrowing and the capital financing requirement

- Confirmation that treasury management is carried out in accordance with good professional practice

- External debt is within prudent and sustainable limits

**Indicators for capital expenditure, external debt and treasury management**

- Capital expenditure

- Capital financing requirement

- Authorised limit for external debt

- Operational boundary for external debt

- Actual level of external debt

- Interest rate exposures

- Maturity structure of borrowing

- Total principal sums invested for periods in excess of 364 days

It is intended that the capital financing indicators be considered collectively, to measure the Authority's performance over time.  It should be noted that the individual authorities are free to determine their own indicators which form the basis for performance monitoring.  The only indicator where there is a statutory obligation not to exceed the internally set limit is the authorised limit for external debt.

The following paragraphs contain the capital financing indicators approved by the Authority for 2014/15 and actual performance against these indicators. They also include the 2015/16 and future years indicators updated in the light of the 2014/15 outturn. A summary of the capital financing indicators for 2015/16 is shown at **Appendix A**.

## CAPITAL EXPENDITURE PLANS

The estimates of capital expenditure to be incurred for the current and future years that were approved are summarised below:

|  | 2014/15 Original Budget £000s | Outturn £000s | 2015/16 Budget £000s | 2016/17 Estimate £000s | 2017/18 Estimate £000s |
|---|---|---|---|---|---|
| **Capital Expenditure** | **13,379** | **8,710** | **8,175** | **5,721** | **4,343** |
| **Financed by** |  |  |  |  |  |
| Capital Grant | 1,559 | 2,889 | 2,759 | - | - |
| Capital Receipts | - | - | 7,500 | - | - |
| Provision for Capital Financing | 6,675 | 5,639 | 5,779 | 5,779 | 5,779 |
| (Increase)/Decrease in Cash | 5,145 | 182 | (7,863) | (58) | (1,436) |
| Borrowing | - | - | - | - | - |
| **Total Financing** | **13,379** | **8,710** | **8,175** | **5,721** | **4,343** |

The incremental effects of these plans on our revenue expenditure are shown below:

| Incremental effect on revenue of the 2014/15 to 2016/17 capital programmes and borrowing | | | |
|---|---|---|---|
|  | 2015/16 £000s | 2016/17 £000s | 2017/18 £000s |
| Interest & MRP cost of 2012/13 programme | 204 | 736 | 736 |
| Interest & MRP cost of 2013/14 programme | - | 143 | 515 |
| Interest & MRP cost of 2014/15 programme | - | - | 109 |
| **Incremental revenue cost in each year** | **204** | **879** | **1,359** |

The impact of capital investment on the level of council tax is used for comparative purposes. In practice other budget changes, including the ending of capital financing charges from earlier years investment mean that the incremental revenue cost of the capital budget is managed as a budget pressure, rather than as a driver for council tax increases. The incremental impact on the 2014/15 and 2015/16 council tax on the capital programmes is shown below:

| Incremental effect on Council Tax of the 2014/15 & 2015/16 Capital Programme | | |
|---|---|---|
|  | 2014/15 £000s | 2015/16 £000s |
| **Effect on Council tax** | **£0.37** | **£0.34** |

These figures represent the maximum potential impact, given the assumptions made.

The incremental impact of the proposed capital programme has been determined assuming that the revenue costs of borrowing would be fully met from Council tax. In reality, these costs would be financed from a combination of Revenue Support Grant, non-domestic rates, revenue account savings from earlier investment and Council tax income, though it is not possible to identify the different components.

The estimate of the incremental impact of capital investment decisions proposed in the capital programme report for the three year period beginning 2015/16, over and above capital investment decisions that have previously been taken by the Authority, are:-

| Incremental effect on revenue and Council tax of the 2015/16 to 2017/18 programmes | | | |
|---|---|---|---|
| | 2015/16 £000s | 2016/17 £000s | 2017/18 £000s |
| Total revenue cost in each year | 204 | 879 | 1,359 |
| Impact on Band D Council tax | £0.34 | £1.47 | £2.27 |
| Estimated increase in Council tax that year resulting from the three year programme | 0.57% | 1.74% | 1.18% |

The full year effect of these programmes in 2016/17 and future years is £1,642k additional revenue payments per year, with a £2.74 impact on the Council tax. This does not include the effect of any new capital projects started in 2016/17 or later. This future revenue charge is considered explicitly when all major capital projects are brought forward for decision, and the funding of the additional revenue burden in both the short and medium term identified.

The freedom for authorities to borrow allows the Authority to set its own borrowing level above the level of Supported Borrowing issued by the Government. However as the Authority has no forecast to borrow for capital purposes in the next three years there is no projected effect on revenue or council tax of unsupported borrowing.

## LONGER TERM AFFORDABILTY OF CAPITAL EXPENDITURE

A review of the longer term affordability of capital expenditure is being prepared and will be brought forward for Members information in September 2015 in conjunction with the medium term financial projections.

## CAPITAL FINANCING REQUIREMENT

The Capital Financing Requirement (CFR) represents the amount of capital spending that has not yet been financed from capital receipts, capital grants or contributions from the revenue budget. This balance therefore reflects the authority's underlying need to borrow, or finance by other long-term means, for capital purposes. The CFR will be influenced by the capital expenditure in each year.

Other cash flow factors and the management of reserves will determine whether external borrowing is required. This does not reduce the magnitude of the funds held for these long-term purposes, but reflects the adoption of an efficient and effective treasury management strategy.

The Authority has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Authority's treasury management policy statement for 2015/16 is set our later within this report. In day-to-day cash management, no distinction can be made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not

simply those arising from capital spending. In contrast, the capital financing requirement reflects the authority's underlying need to borrow for capital purposes.

The comparison of the CFR to the original indicators for 2014/15, and the new indicators to be agreed for 2015/16 are shown below:-

| Estimate of Capital Financing Requirement | | | | |
|---|---|---|---|---|
| | 31/3/15 £000 | 31/3/16 £000 | 31/3/17 £000 | 31/3/18 £000 |
| Original 2014/15 estimates | 32,138 | 28,093 | 21,934 | 17,109 |
| | | | | |
| Updated 2015/16 indicators | 37,984 | 35,203 | 29,968 | 23,355 |

## MINIMUM REVENUE PROVISION POLICY STATEMENT

The minimum revenue provision is the amount set aside from revenue expenditure and Council Tax to fund capital expenditure. Until 2008 this was calculated as 4% of the capital financing requirement – meaning that all capital spending was funded over a 25 year period. Under transition arrangements agreed by the Authority in April 2008, this method continued for 2009/10. Since then the approach adopted has been to finance the initial capital cost of assets over their lives using the depreciation method.

## NET BORROWING AND THE CAPITAL FINANCING REQUIREMENT

In order that, over the medium term, net borrowing is only undertaken for capital purposes, net external borrowing must not, except in the short term, exceed the total of the capital financing requirement in the previous year, plus the estimates of any additional capital financing requirement for the current and next two financial years. The authority has had no difficulty meeting this requirement in past years and no difficulties are envisaged for the current or future years. This view takes account of the current commitments, existing plans and the proposals contained within the revenue budget and capital programme which appear elsewhere on this agenda.

## EXTERNAL DEBT

In respect of its external debt, it is recommended that the Authority approves the following authorised limits for its total external debt gross of investments for the next three financial years, and agrees the continuation of the current year's limit as no amendment is necessary. These limits separately identify borrowing from other long-term liabilities, such as finance leases.

| Authorised limit | 2015/16 £000 | 2016/17 £000 | 2017/18 £000 |
|---|---|---|---|
| Borrowing | 42,000 | 42,000 | 40,500 |
| Other long-term liabilities | 0 | 0 | 0 |
| Total | 42,000 | 42,000 | 40,500 |

The limits are based upon the estimate of most likely, prudent, but not worst-case scenario, with sufficient headroom for fluctuations in cash balances. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the CFR and estimates of cash flow requirements for all purposes.

The Authority is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary is based on the same estimates as the authorised limit, but reflects directly the Treasurer's estimate of the most likely, prudent, but not worst case scenario, without the additional headroom included within

the authorised limit to allow for unusual cash flow movements, and equates to the maximum external debt projected by this estimate. The operational boundary represents a key management tool for monitoring by the Treasurer.

| Operational Boundary | 2015/16 £000 | 2016/17 £000 | 2017/18 £000 |
|---|---|---|---|
| Borrowing | 39,000 | 39,000 | 37,500 |
| Other long-term liabilities | 0 | 0 | 0 |
| Total | 39,000 | 39,000 | 37,500 |

The Authority has remained well within the operational limit during 2014/15 as shown in the graph below which outlines the Authority's total external debt compared to the operational and authorised limits. The actual level of borrowing at 31 March 2015 was **£33.5m**.

**Figure 1 – Borrowing 2014/15**
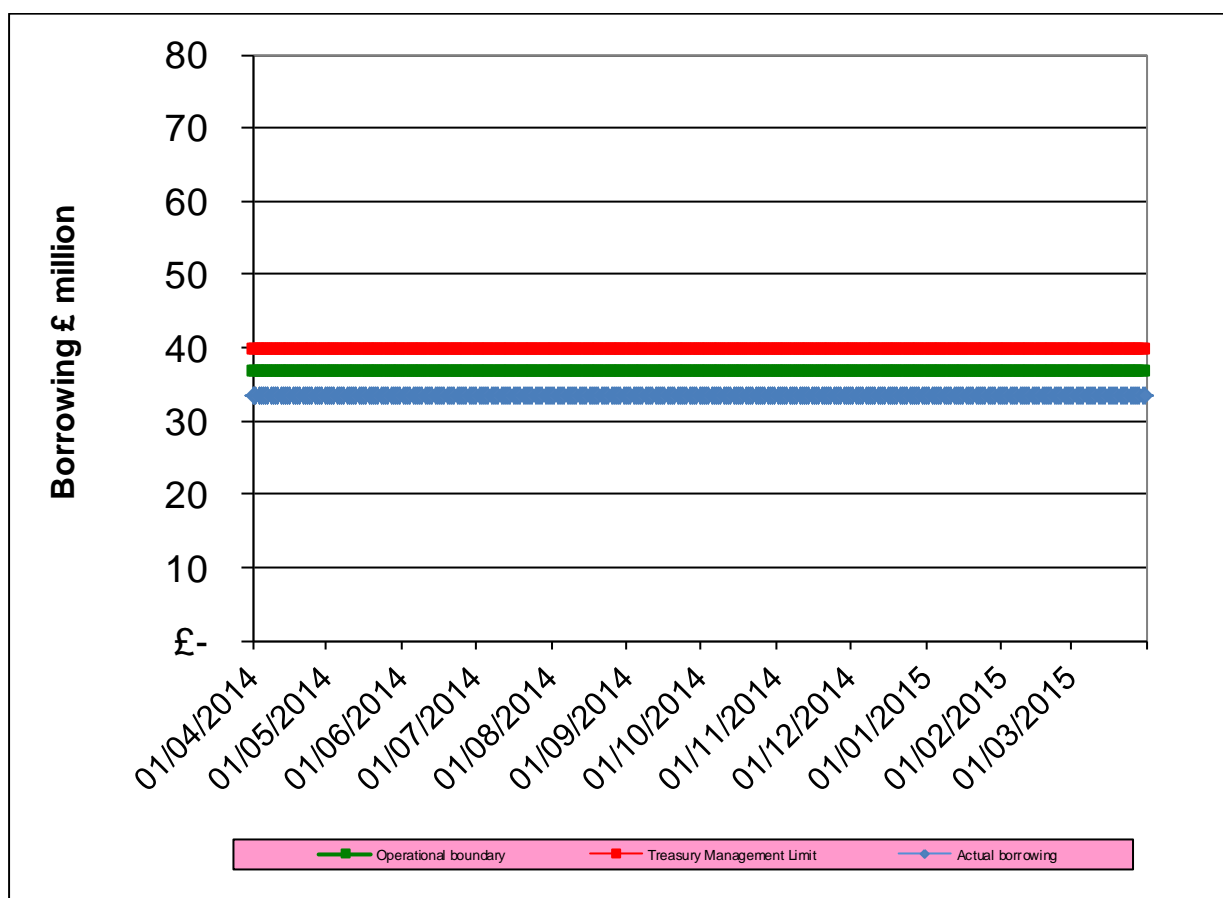
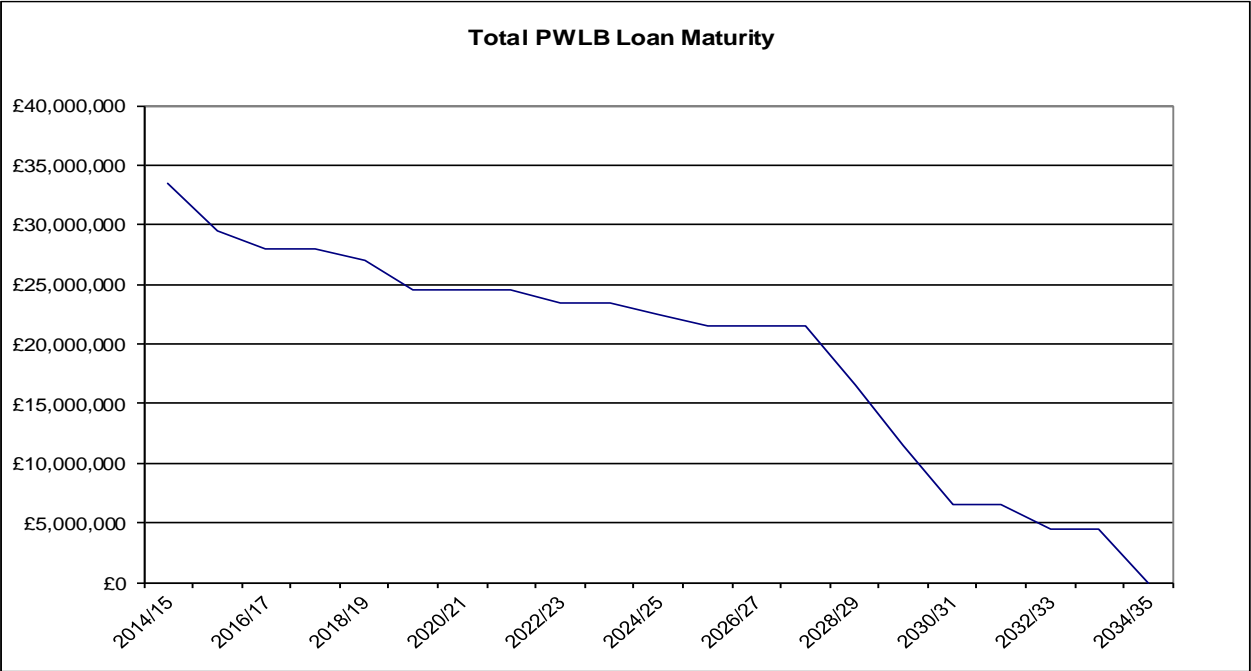## BORROWINGS AND REPAYMENTS

The level of long term debt at 31 March 2015 was **£33.5m.** The first graph below shows the maturity profile of all outstanding PWLB loans, and the second the cumulative profile.

**Figure 2 – Repayment Profile**



**PWLB Loans Maturing**
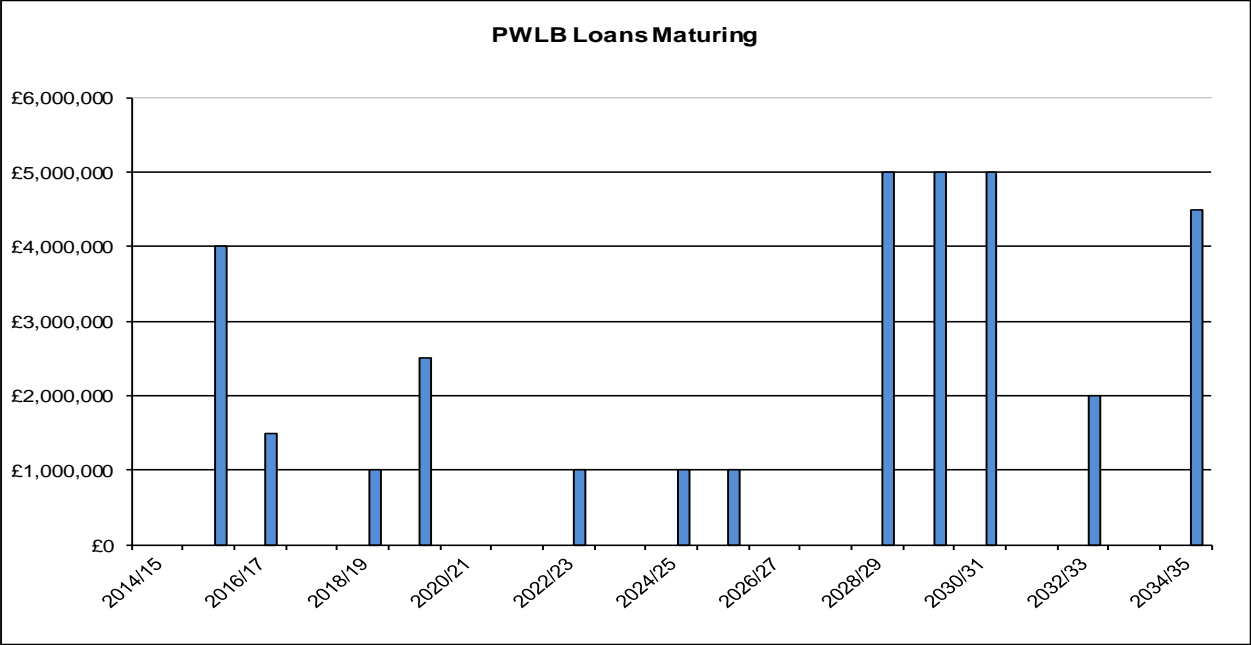
The longest dated loan is one of £4.5m that runs until December 2034.

**Figure 3 – Debt Profile**



**Total PWLB Loan Maturity**

## MATURITY STRUCTURE OF BORROWING

The Authority sets upper and lower limits for the maturity structure of its borrowings. The limits are calculated as the projected amount of fixed borrowing that is maturing in each period, as a percentage of the total projected borrowing that is fixed rate.

| Maturity profile upper limits | | | | | | |
|---|---|---|---|---|---|---|
| | 2015/16 | | 2016/17 | | 2017/18 | |
| Period | Lower Limit % | Upper Limit % | Lower Limit % | Upper Limit % | Lower Limit % | Upper Limit % |
| under 12 months | 0 | 26 | 0 | 14 | 0 | 0 |
| 12 to 24 months | 0 | 13 | 0 | 0 | 0 | 7 |
| 24 months to 5 years | 0 | 20 | 0 | 28 | 0 | 22 |
| 5 to 10 years | 0 | 13 | 0 | 21 | 0 | 22 |
| 10 years and over | 0 | 100 | 0 | 100 | 0 | 100 |

The Authority has not exceeded the maturity profile upper limit in 2014/15.

## INTEREST RATE EXPOSURE

The measure of interest rate exposure includes both funds that are borrowed and those that are invested. At present all of the authority's borrowings are at fixed interest rates for the period of their term, limiting exposure to the interest rates on new borrowing. Interest on cash deposits is generally at a variable rate, although some medium terms (3 months to one year) lending opportunities may be used. The chart below shows the overall exposure to variable interest rates during 2014/15.

### Figure 4 – Interest Rate Exposure
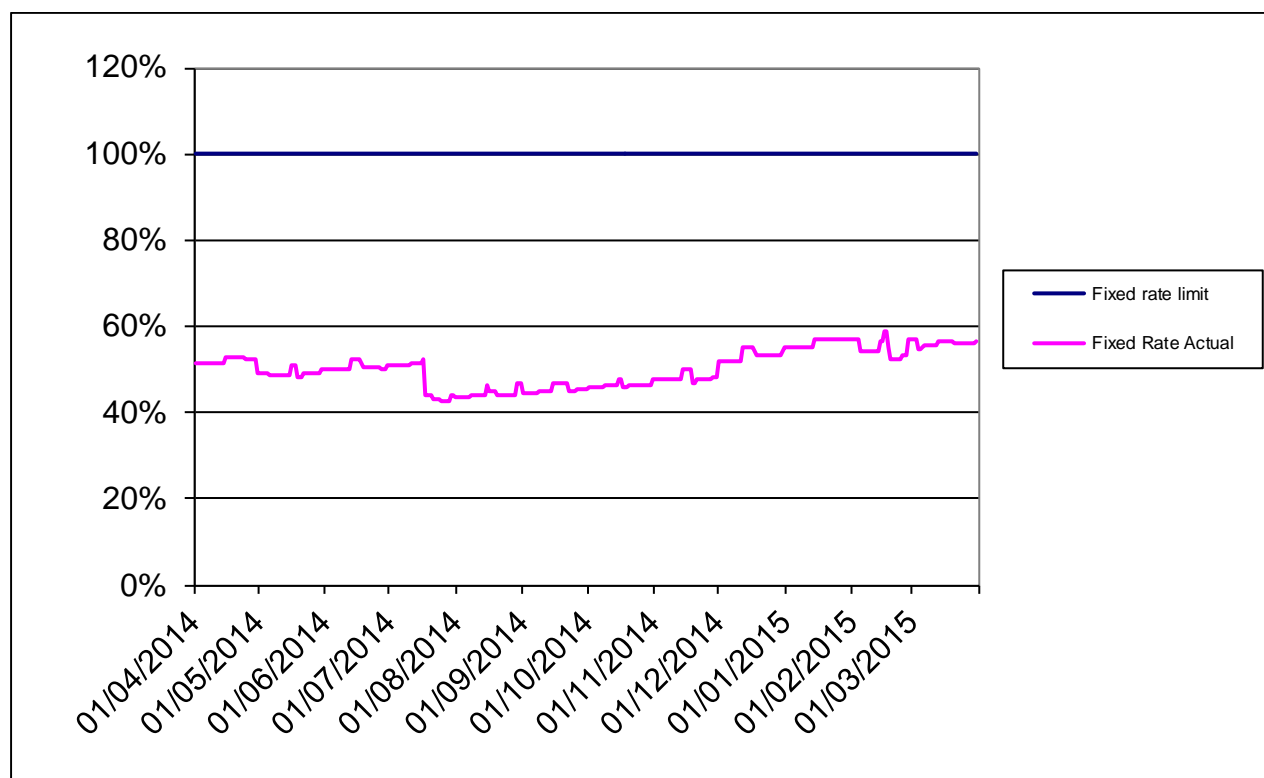
**RISK MANAGEMENT IMPLICATIONS**

The purpose of this report is to set out the risks and the approach to risk in the financing of capital expenditure.

**LEGAL IMPLICATIONS**

The Capital Financing Code places significant responsibilities upon the Treasurer. Through the Code the Treasurer must ensure that all relevant matters with regard to setting or revising these indicators are reported to Members. The Treasurer is also responsible for establishing procedures for monitoring performance against the prudential indicators.

It is for the Authority, to make the judgement between the constraints of affordability and the demands of services for capital investment. The advice of the Treasurer is, however, important as the Code has to be considered in conjunction with the specific duties placed upon the Treasurer, by section 114 of the 1988 Act, for proper financial administration.

**FINANCIAL IMPLICATIONS**

The financial implications are set out in the report.

**USE OF RESOURCES**

There are two implications for the Authority regarding the use of resources and value for money implications of the approach to funding capital expenditure. Firstly, there is the balance between utilising cash surplus generated by the Authority and held as Reserves, and external borrowing. The Authority's approach to the retention of reserves is considered as part of the budget setting process. The intention is to provide funds to enable significant fluctuations in expenditure within a budget year to be absorbed, whilst maintaining on-going expenditure funded by government grants and council tax.

The cash generated as reserves is used to reduce borrowings, should the reserves be needed to fund expenditure, the borrowings of the authority will increase.

The second implication is in the choice of lender. The lender of choice for the Authority is the Public Works Loan Board.

**EQUALITY IMPLICATIONS**

There are no Equality Implications arising from this report.

**ENVIRONMENTAL IMPLICATIONS**

There are no Environmental Implications associated within this report.

| **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985** | |
|---|---|
| **List of background documents** | |
| | |
| Proper Officer: | Finance Director & Treasurer |
| Contact Officer: | Mike Clayton, Essex County Fire & Rescue Service, Kelvedon Park, London Road, Kelvedon CM8 3HB. 01376 576000 E-mail: mike.clayton@essex-fire.gov.uk |

| Treasury Management Indicators | | 2013/14 Actual | 2014/15 Original | 2014/15 Outturn | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|---|---|---|---|---|---|---|---|
| **Indicators for Affordability** | | | | | | | |
| Ratio of financing costs to net revenue streams | % | 14.47% | 9.80% | 9.80% | 10.02% | 9.73% | 9.57% |
| **Indicators for Prudence** | | | | | | | |
| Net borrowing and capital financing requirement | | *It is not envisaged that net borrowing will exceed the Capital Financing Requirement over this period.* | | | | | |
| Confirmation of treasury management good practice | | *Treasury management will be carried out in accordance with approved policies and practices.* | | | | | |
| External debt within prudent and sustainable limits | | *Prudential indicators for external debt take account of their affordability.* | | | | | |
| **Indicators for capital expenditure** | | | | | | | |
| Capital expenditure | £000 | 8,120 | 13,379 | 8,710 | 8,175 | 5,721 | 4,343 |
| Capital financing requirement | £000 | 28,858 | 32,255 | 37,984 | 35,203 | 29,968 | 23,355 |
| **Indicators for external debt** | | | | | | | |
| Actual external debt | £000 | 37,500 | 33,500 | 33,500 | N/A | N/A | N/A |
| Authorised limit | £000 | 42,200 | 50,800 | 39,600 | 42,000 | 42,000 | 40,500 |
| Operational boundary | £000 | 39,200 | 47,800 | 36,600 | 39,000 | 39,000 | 37,500 |
| **Interest rate exposures** | | | | | | | |
| Upper limit - fixed rates | % | 100 | 100 | 100 | 100 | 100 | 100 |
| Upper limit - variable rates | % | 80 | 80 | 80 | 80 | 80 | 80 |
| **Maturity structure of borrowing (upper limit)** | | | | | | | |
| Under 12 months | % | 21 | 22 | 26 | 14 | - | N/A |
| 12 months and within 24 months | % | 21 | 11 | 13 | - | 7 | N/A |
| 24 months and within 5 years | % | 10 | 17 | 20 | 28 | 22 | N/A |
| 5 years and within 10 years | % | 21 | 11 | 13 | 21 | 22 | N/A |
| 10 years and above | % | 100 | 100 | 100 | 100 | 100 | N/A |
| **Total sum invested for more than 364 days** | £000 | - | - | - | - | - | - |

# ESSEX FIRE AUTHORITY
## Essex County Fire & Rescue Service

| MEETING | AGENDA ITEM |
|---|---|
| **Audit, Governance & Review Committee** | **11** |

| MEETING DATE | REPORT NUMBER |
|---|---|
| 15 July 2015 | **EFA/063/15** |

| SUBJECT |
|---|
| **Organisational Performance Report** |

| REPORT BY |
|---|
| Lindsey Stafford Scott, Director of HR and Organisational Development |

| PRESENTED BY |
|---|
| Lindsey Stafford Scott, Director of HR and Organisational Development |

## SUMMARY

To provide Members of the Audit, Governance and Review Committee with an overview of the Service's performance for the period June 2014 to May 2015.

## RECOMMENDATIONS

Members of the Audit, Governance and Review Committee are asked to note the contents of the performance report.

### Performance to May 2015

The following measures are annual measures and not reported against here

4a Improved staff satisfaction
4b The percentage of employees who are satisfied with the training they receive to do their role.
5a Annual reduction in carbon footprint
6a Improved satisfaction with leadership within the Service

The following measures are unable to be reported on due to data not being available

3a Total appliance availability – The data supply from NX to IRS has now been restored and reporting against this measure will be available for the next quarter.

The following measures continue to be measures under development:

2a Achieve a timely response to incidents (response standard 20:20)
2c Percentage of respondents who were satisfied with the response they received (20:20)

3b Cost per hour of appliance availability. Proposed measures suggested by Mike Clayton to replace 3b are under consideration.

5b Percentage of survey respondents who were aware of the range of work we undertake (20:20)

We have introduced into this report an at a glance performance box which colour codes both performance against month (m) and year to date (ytd) the key to the colour coding is as follows:

**Colour key:**

| | |
|---|---|
| | >10% worse than target |
| | 0-10% worse than target |
| | 0-10% better than target |
| | >10% better than target |
| | No data/reported quarterly |

**Overview of Organisation Performance by Strategic Objective**

**Objective 1. We will identify the risks to our communities and work in partnership with them to manage the risk, to reduce its likelihood or its impact on our communities**.

**Number of Incidents attended in Essex**

| M | YTD | 1a Number of incidents attended in Essex |
|---|---|---|
| | | Performance against Month and YTD target |

ECFRS attended 1,070 incidents in May 2015, a slight increase on the number recorded over the same month last year (target is to be below previous year's out-turn).The rolling 12 month total stands at 13118. Over the previous 12 months, fires have reduced by 4% (148 fewer fires) with the majority of these reductions continuing to be secondary fires. Emergency special service calls have reduced by 8% (294 fewer incidents) with attendances at false alarms down by 5% (310 fewer attendances) compared to last year.

**Rate of Accidental Dwelling Fires (ADF)**

| M | YTD | 1b Rate of Accidental Dwelling Fires (ADF) |
|---|---|---|
| | | Performance against Month and YTD target |

ECFRS recorded 71 ADFs in May 2015, slightly fewer than the 78 recorded in the same month in 2014. The rate of ADFs per 10,000 dwellings was 1.1 in May 2015, worse than the target of 0.9 but better than the rate recorded in May 2014.

The current rolling 12-monthly rate of accidental dwelling fires is 12.0, worse than the target of 9.4 but better than the rate recorded for the previous rolling year

Kitchen fires, which comprise the bulk of accidental dwelling fires (61%), have increased in proportion slightly in the most recent 12 months compared to the same time period from the previous year. More than half of these fires relate to cooking.

**Number of people killed or seriously injured in road traffic collisions**

| M | YTD | 1c Number of people killed or seriously injured in RTCs
Performance against Month and YTD target |
|---|---|---|

Currently green against target but actual KSI figures are a likely underestimate as casualty data entering the police recording database is always several weeks in arrears.

There were 49 people killed or seriously injured in road traffic collisions during May 2015. The long term rolling 12-monthly trend had been increasing towards the end of 2014, being worse than target by December 2014. Since this time, numbers have reduced slightly although the issue of under-reporting explained above means it is likely that true performance is hovering very close to target.

**Rate of casualties (fatal and non-fatal) resulting from fires per 100,000 population**

| M | YTD | 1f Rate of casualties (fatal and non-fatal) resulting from fires per 100,000 population
Performance against Month and YTD target |
|---|---|---|

Essex recorded its first fire-related fatality in over a year in May 2015, along with 5 non-fatal casualties. The 12-month rolling rate of casualties is now 5.6 per 100,000 population, which is both better than target and the same time period last year.

**Objective 2. We will provide a resilient, timely, safe and effective response when risks become incidents.**

**Achieve a timely response to incidents**

The development of a response standard was an output of the Service's response review. That work is ongoing and until a new standard is agreed, we continue to report on the existing measures of Control call handling and station turnout.

| M | YTD | Call to alert in 90 seconds
Performance against Month and YTD target |
|---|---|---|

33% of calls were handled within 90 seconds in May 2015. This is worse than the previous year and much below the target of 90%. The drop in performance of calls handled can be accredited to multiple causes. The switch back to NX in March required Control staff to re-familiarise themselves with the system having been away from NX for a period of 3 months. Some new recruits in Control had only received training in the new environment 4i and therefore required full training on NX. Data relating to call handling has been manually captured by Control staff for the period 28 March 2015 to 9 June 2015, as this has been a manual process there is risk of human error in the recording of data. The feed of data to the IRS is fully automated as of 9 June 2015.

| M | YTD | Wholetime Turnout – Time of station alert to proceeding % within 2 minutes |
|---|-----|---|
|   |     | Performance against Month and YTD target |

57% of turnouts in Wholetime Stations were within 2 minutes during May 2015. This is worse than in May 2014 as well as being worse than the 75% target set for that month. This indicator remains under review.

| M | YTD | Retained Turnout – Time of station alert to proceeding % within 6 minutes |
|---|-----|---|
|   |     | Performance against Month and YTD target |

76% of turnouts in Retained stations were within 6 minutes during May 2015. This was slightly worse than the previous year but better than the 75% target set for that month.

### Rate of Accidents per 100,000 employees

There were 180 accidents from June 2014 to May 2015, a 13.04% reduction (27 fewer) than the same period in the previous year. The annual accident rate per 100,000 employees (on a rolling 12 month basis) is 12,328.

### Objective 4. We will ensure our people are involved, engaged and empowered to deliver excellence.

### Percentage of staff who received an appraisal in the past 12 months

| M | YTD | 4c Percentage of staff who received an appraisal in the past 12 months |
|---|-----|---|
|   |     | Performance against YTD target |

Completion rates for the end of year target review paper and Achievement First objective setting meetings have been monitored centrally. As of 26 June 2015 37.83% of target review papers had been completed this equates to 558 out of an expected 1475. 37.83% of Achievement First Objective Setting paper had also been received.

### Average days/shifts lost per person to sickness absence per year

| M | YTD | 4d Average days/shifts lost per person to sickness absence per year |
|---|-----|---|
|   |     | Performance against YTD target |

The average days/shifts lost to sickness absence per person by the end of May 2015 was 8.9. This is an improvement on the rate recorded for May 2014 but worse than the target of 7.6 days per person.

### RISK MANAGEMENT IMPLICATIONS

The risk of not setting and reviewing its strategy and supporting performance measures is that resources might not be aligned to areas of priority, and that risks, both current and emerging are not responded to.

### FINANCIAL IMPLICATIONS

There are no direct financial implications related to this report.

**LEGAL IMPLICATIONS**

There are no direct legal implications related to this report.

**EQUALITY IMPLICATIONS**

There are no direct equality implications related to this report.

**ENVIRONMENTAL IMPLICATIONS**

There are no direct environmental implications related to this report.

| **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985** | |
|---|---|
| **List of appendices attached to this paper:** | |
| **List of background documents (not attached):** | |
| Proper Officer: | **Director of Human Resources & Organisational Development** |
| Contact Officer: | **Lindsey Stafford-Scott, Director of HR&OD**<br>Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB<br>Tel: 01376 576000<br>E-mail: l.stafford-scott@essex-fire.gov.uk |

# ESSEX FIRE AUTHORITY
## Essex County Fire & Rescue Service

| MEETING | AGENDA ITEM |
|---|---|
| **Audit, Governance & Review Committee** | **12** |

| MEETING DATE | REPORT NUMBER |
|---|---|
| 15 July 2015 | **EFA/064/15** |

| SUBJECT |
|---|
| **Pension Governance and Administration** |

| REPORT BY |
|---|
| Lindsey Stafford-Scott, Director of HR & Organisation Development |

| PRESENTED BY |
|---|
| Lindsey Stafford-Scott, Director of HR & Organisation Development |

**SUMMARY**

The purpose of this report is to provide information to Members regarding the governance of pension arrangements within the Authority. In addition this report will update Members regarding the changes to the pension arrangements for Firefighters which happened in April 2015.

**RECOMMENDATIONS**

Members of the Audit, Governance and Review Committee are asked to:

1.  Note the content of the report to update Members on the arrangements for the Fire Scheme Pension Board and the Local Government Pension Scheme Governance arrangements.

2.  Note the content of the report and the activity in the first part of 2015 related to the effective introduction of the new Firefighters' Pension Scheme

**BACKGROUND**

Since April 2015, the Fire Service is the scheme employer for five pension schemes. The Firefighters' Pension Scheme 1992, the New Firefighters' Pension Scheme 2006, the Modified New Firefighters Pension Scheme (known as the Retained Modified scheme), the Firefighters Pension Scheme 2015 and the Local Government Pension Scheme 2014.

Members will recall that the Service made a decision to recruit to a new permanent role of Pensions Manager and the new employee, James Durrant, commenced on the 2nd March. This additional resource has provided the capacity that the Authority needs with regard to pension arrangements and administration.

The additional resource at the Local Government Association dedicated to Firefighter Pension Scheme issues has provided much needed support to all Fire Authorities in the day to day management of pension arrangements and has been invaluable in co-ordinating communications regarding the Firefighter Pension Scheme 2015 and the Retained Modified exercise.

**The Firefighters Pension Scheme 2015**

The new scheme came into effect on 1st April 2015. Employees who were members of the Firefighters Pension Scheme 1992 scheme or the New Firefighters Pension Scheme 2006 were either:

- 260 employees were protected in their existing scheme and therefore will not transition to the new scheme;

- 189 employees were taper protected in their existing scheme and will therefore transition to the new scheme at a defined date between May 2015 and April 2022; and

- 625 employees were unprotected members in that they transitioned to the new scheme on the 1st April 2015.

All employees received the correct treatment through the payroll system with regards to their pension status on the 1st April and in addition all members of the Firefighters schemes received an individual letter explaining their status under the new scheme.

Information has been distributed by all sites emails and is available on the Service intranet and the feedback on the communications regarding the scheme has been favourable.
Information regarding the new scheme from the Local Government Association and the Department for Communities and Local Government is acted upon when received.

**The retained modified scheme**

Since 2014 the Authority has been managing the arrangements for the introduction of a new national scheme which provides access to a modified pension scheme for retained firefighters employed by the Essex Fire Authority between 1st July 2000 and 5 April 2006. The deadline to complete this exercise was changed by a piece of emergency legislation from the 31st March 2015 and now has a completion date of 30th September 2015.

The Authority has written to 761 individuals setting out the terms of the scheme and seeking their expression of interest. Of these 244 individuals have responded and calculations are being provided to enable them to understand the cost of joining the scheme. The HR service and Essex Pension Fund has undertaken 6 out of hours briefing sessions to current and former retained firefighters to enable them to understand the new scheme and their options. These sessions have been extremely well received and the Authority has received approximately 150 elections to join the scheme to date.

**Administering Authority arrangements**

The Authority contracts with the Essex Pension Fund to provide the administering arrangements for the Fire Pension Schemes. This is managed by a Service Level Agreement which is negotiated annually. The Authority is content that the Service Level Agreement remains good value for money and there are good working relationships maintained between the two parties

Essex Pension Fund provides the administration for the Local Government Pension Scheme. The LGPS is a funded scheme and the cost of administering the scheme is borne by the scheme and the Fire Authority is a participating employer in the scheme.

**Regional and national collaboration**

Since January Essex Fire Authority has hosted and chaired four meetings of the Eastern Region Fire Officers Pension Group. The group consists of the representatives from eight other local authorities in the region including the London Fire Authority. This has been an excellent information sharing forum and collaboration in the development of resources and other efficiencies will be explored in the coming months.

The national technical working group for the Firefighter Schemes is a forum for administrators and employers to discuss technical aspects of current and pending legislation and how this should be interpreted and implemented. The Pensions Manager for the Fire Authority now is a member of this group.

**Additional activity to note**

The terms of reference for the external audit of pension arrangements within the Authority by KPMG will be completed soon with the activity to commence to a timescale agreed by both parties.

A pay, pensions and HR administration project will be launched shortly with the remit of overseeing the administration arrangements of both pay and pensions and specifically:

• To enable accurate and automated processing from the SAP system for the year-end pension information presented to Essex Pension Fund;

• To adopt clear, transparent processes between the Pensions, Payroll and HR Administration Departments; and

• Ensure all Departments are working compliantly with their respected governing bodies.

**Pension Boards**

April 2015 saw the introduction of Pension Boards for all Public Sector Pension Schemes. The regulations have set up two new bodies which will be made up of employer and scheme member representatives. The first of these two bodies is a national Scheme Advisory Board. The Boards' primary role is to provide the Secretary of State for the Department for Communities and Local Government with advice on desirable changes to the Scheme's regulation, when requested.

In addition at a local level a Pension Board should be formed by each fire and rescue authority. These local Boards may be advised by the national Scheme Advisory Board and are there to assist the scheme manager in the efficient and effective administration of the pension scheme.

The draft terms of reference and administration arrangements for the Pension Board are attached at Appendix 1.

The regulations provide for an equal number of member and employer representatives. The Service has determined that there will be eight members of the Board which will be four employer representatives and four member (employee) representatives.
The membership of the Board will be as follows:

The employer side members will be Assistant Chief Fire Officer Paul Hill and Assistant Chief Fire Officer Dave Bill, a representative from Finance and a representative from Human Resources.

The employee side will consist of the following:

• A representative from the FBU, who is a member of a Firefighter Pension Scheme;

• A representative from the RFU, who is a member of a Firefighter Pension Scheme;

• A representative from FOA, who is a member of a Firefighter Pension Scheme; and

• A current employee who is a member of a Firefighter Pension Scheme.

Anyone appointed as a member representative should be in in scheme employment (i.e. currently employed as a firefighter and a member of the pension scheme) and remain in employment for the term of office. The term of office is proposed to be two years.

Scheme member representatives should have an interest in pensions, be able to demonstrate their capacity to attend, complete the necessary preparation for meetings and participate in training as required. The Service is currently undertaking the selection process to appoint the fourth employee representative to the Board.

A training programme for Board members will be developed to commence before the first meeting of the Board. It is hoped that regional collaboration will be possible in the provision of training to Board members.

The first meeting of the Board is likely to be held during July pending the availability of training from the Local Government Association.

**Pension Board arrangements LGPS**

The Essex Pension Fund has established the following Governance structure for the Local Government Pension Scheme:

• The Essex Pension Fund Strategy Board – currently known as the Essex Pension Fund Board; and

• The Essex Pension Fund Advisory Board – a new body established in line with the requirements of the 2013 Public Services Pension Act and subsequent LGPS Regulations for all LGPS Funds to have a Local Pension Board.

The Fire Authority was asked to nominate a representative for one of the Boards. As a small employer we are not however guaranteed a seat on either Board. Councillor Seagers has been our current representative on the Essex Pension Fund Board but confirmed he did not wish to be considered for a place on either of the above boards due to other commitments.

The Authority therefore nominated James Durrant, Pensions Manager, for a place on one of the Boards and confirmation will be available shortly with regard to the success of this nomination.

## RISK MANAGEMENT IMPLICATIONS

There are risks inherent to the management of pension scheme arrangements. The regulations are complex and require some interpretation to ensure compliance and good practice. The steps outlined in this paper are designed to minimize the risks in the management of pension arrangements.

## FINANCIAL IMPLICATIONS

The cost of the external audit arrangement will be funded from an SMB budget.
Individual pension complaints. In accordance with any complaint about employment matters the cost of settling pension complaints will be assessed against the risk of on-going litigation

## LEGAL IMPLICATIONS

Pension regulation is statutory and the duty of the Authority is to comply with regulation. It is recognized that complex regulation introduced with little lead in will pose a compliance risk. It is felt that the measures that Essex Fire Authority has put in place to date will mitigate this risk.

## EQUALITY IMPLICATIONS

There are no equality implications associated within this report.

## ENVIRONMENTAL IMPLICATIONS

 A balance will be struck between the communication of pension information to individuals electronically and in paper format. The overriding need is to ensure that all employees have accessible information. It is recognised that for some a paper format may be more accessible.

APPENDIX 1

## PENSION BOARD OF ESSEX COUNTY FIRE AND RESCUE SERVICE
## DRAFT TERMS OF REFERENCE

### Statement of purpose

1.     The purpose of the Board is to assist the Essex County Fire and Rescue Service in its role as a scheme manager of the Fire Fighters Pension Scheme. Such assistance is to:

   (a)    secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and';

   (b)    ensure the effective and efficient governance and administration of the Scheme.

### Duties of the Board

2.     The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board members:

   (a)    Should act always in the interests of the scheme and not seek to promote the interests of any stakeholder group above another.

   (b)    Should be subject to and abide by the Essex County Fire and Rescue Service code of conduct

### Membership

The Board will comprise an equal number of employer and member representatives with a minimum requirement of no less than four in total.

### Member representatives

3.     Four member representatives shall be appointed to the Board.

4.     Member representatives shall be employees of the Essex County Fire and Rescue Service and will remain an employee of the Essex County Fire and Rescue Service for the term of office and be members of the scheme administered by Essex County Fire and Rescue Service.

5.     Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

### Employer representatives

6.     Four employer representatives shall be appointed to the Board

7. Employer representatives shall be office holders or senior employees of Essex County Fire and Rescue Service or have experience of representing scheme employers in a similar capacity. Office holders or employees of Essex County Fire and Rescue Service with delegated responsibility for discharging the scheme manager function of Essex County Fire and Rescue Service may not serve as employer representatives.

8. Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

9. Employer representatives shall be appointed by Essex County Fire and Rescue Service in a manner which it considers best promotes the purpose of the Board.

**Other members**

10. No more than eight other members shall be appointed to the Board by Essex County Fire and Rescue Service.

11. Any appointments of other members shall have regard to the best interests of the purpose of the Board

**Appointment of chair**

12. The Essex County Fire and Rescue Service shall appoint an Essex County Fire and Rescue Service appointed chair.

13. The duties of the chair should be in accordance with the duties of a chair within Essex County Fire and Rescue Service.

**Notification of appointments**

14. On appointment to the Board Essex County Fire and Rescue Service shall publish the name of the appointees, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

**Conflicts of interest**

15. All members of the Board must declare to Essex County Fire and Rescue Service on appointment, and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.

16. On appointments to the Board and following any subsequent declaration of potential conflict Essex County Fire and Rescue Service shall ensure that any potential conflict is effectively managed in line with both the internal procedures of Essex County Fire and Rescue Service and the requirements of the Pensions Regulators codes of practice on conflict of interest for Board members.

**Knowledge and understanding (including Training)**

17.  Knowledge and understanding must be considered in light of the role of the Board to assist Essex County Fire and Rescue Service in line with the requirements outlined in section 2 above. The Board should establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to Board members. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.

18.  Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy and framework.

19.  Board members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

**Term of office**

20.  Term of Office shall be two years.

21.  Board membership may be terminated prior to the end of the term of office due to:

(a)  A member representative appointed on the basis of their membership of the scheme no longer being a member of the scheme

(b)  A member representative no longer being a member of the body on which their appointment relied

(c)  A member representative no longer being employed by the Essex County Fire and Rescue Service

(d)  An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied

(e)  The representative no longer being able to demonstrate their capacity to attend and prepare for meetings or to participate in required training.

**Meetings**

22.  The Board shall as a minimum meet twice a year.

23.  The Chair of the Board with the consent of the Board membership may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including telephone conferencing and e-mails.

**Quorum**

24.  A meeting is only quorate when at least 50% of both member and employer representatives are present including the chair or deputy chair.

**Voting**

25.     The Chair shall determine when consensus has been reached.

26.     Where consensus is not achieved this should be recorded by the Chair.

27.     In support of its core functions the Board may make a request for information to the Director of HR and OD, as officer with delegated scheme manager functions with regard to any aspect of the scheme manager function. Any such a request should be reasonably complied with in both scope and timing.

28.     In support of its core functions the Board may make recommendations to the Director of HR and OD, as the officer with delegated scheme manager which should be considered and a response made to the Board on the outcome within a reasonable period of time.

**Interpretation**

29.     In these terms 'the Scheme' means the Firefighters' Pension Schemes.

30.     In these terms 'regulations' include the Firefighters' Pension Scheme 1992, as amended, the Firefighters' Pension Scheme 2006, as amended, the Firefighters' Pension Scheme Regulations 2014 as amended, the Pension Regulators Codes of Practice as they apply to the scheme manager and pension board and any other relevant legislation applying to the Scheme.

**Version - March 2015**

| LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 | |
|---|---|
| **List of appendices attached to this paper: Draft terms of reference for Fire Schemes Pension Board** | |
| **List of background documents (not attached):** | |
| Proper Officer: | **Lindsey Stafford-Scott, Director of Human Resources and Organisation Development** |
| Contact Officer: | **LindseyStafford-Scott, Director of Human Resources and Organisation Development**<br>Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB<br>Tel: 01376 576000<br>E-mail: l.stafford-scott@essex-fire.gov.uk |

# ESSEX FIRE AUTHORITY
## Essex County Fire & Rescue Service

| MEETING | AGENDA ITEM |
|---|---|
| **Audit, Governance and Review Committee** | **13** |

| MEETING DATE | REPORT NUMBER |
|---|---|
| 15 July 2015 | **EFA/065/15** |

| SUBJECT |
|---|
| **Programme 2020 - Update Report** |

| REPORT BY |
|---|
| Adam Eckley, Acting Chief Fire Officer |

| PRESENTED BY |
|---|
| Adam Eckley, Acting Chief Fire Officer |

## SUMMARY

This report provides members of the Fire Authority with an update on the work Programme 2020 and provides a forward view of planned work and deliverables.

## RECOMMENDATIONS

Members of Essex Fire Authority are asked to note the content of this report.

## BACKGROUND

Programme 2020 was started in February 2015 and is the mechanism through which the Service will deliver the change required in order that it becomes service led, community focussed, values driven and financially sustainable.

Using the Managing Successful Programmes (MSP) methodology the programme has two distinct phases; definition and delivery.

The transition to delivery from design occurs following the programme business case, subject to EFA approval, in April 2016. The definition phase includes all the work to generate that business case for change including; research and analysis; engagement and consultation.

## KEY ACTIVITY TO DATE

The focus of the programme since its launch has been the first consultation as part of the Integrated Risk Management Planning (IRMP) process.

The Service has engaged specialist expert advice and assurance from the Consultation Institute (TCI) to support the consultations. The scope, strategy and documentation for the consultation were all signed off by TCI.

The consultation strategy and documentation were approved by EFA on the 10th of June 2015.

The consultation is underway, having started on the 15th June 2015, and closes on the 6th of September. The response to date has been encouraging with over 230 responses received in the first 3 weeks.

Communication and engagement activity is underway internally and externally and has included the following key activities to date:

- Writing to all Essex MPs, Local Authorities, Neighbouring and regional Fire Services and other emergency services;
- Writing to the representative bodies;
- 16 face to face briefings with Local Authorities and other emergency services; and
- 5 employee roadshows attended by over 90 people

**KEY ACTIVITIES PLANNED**

Communication and engagement activity will continue during next nine weeks to encourage responses to the consultation.

The results of the consultation will be analysed and presented to EFA in October 2015.

The results of the consultation, research and analysis along with ideas submitted by stakeholders will be used to develop a series of options upon which a second consultation will be based.

The high level plan for the definition phase of the programme including the key milestones is shown below.
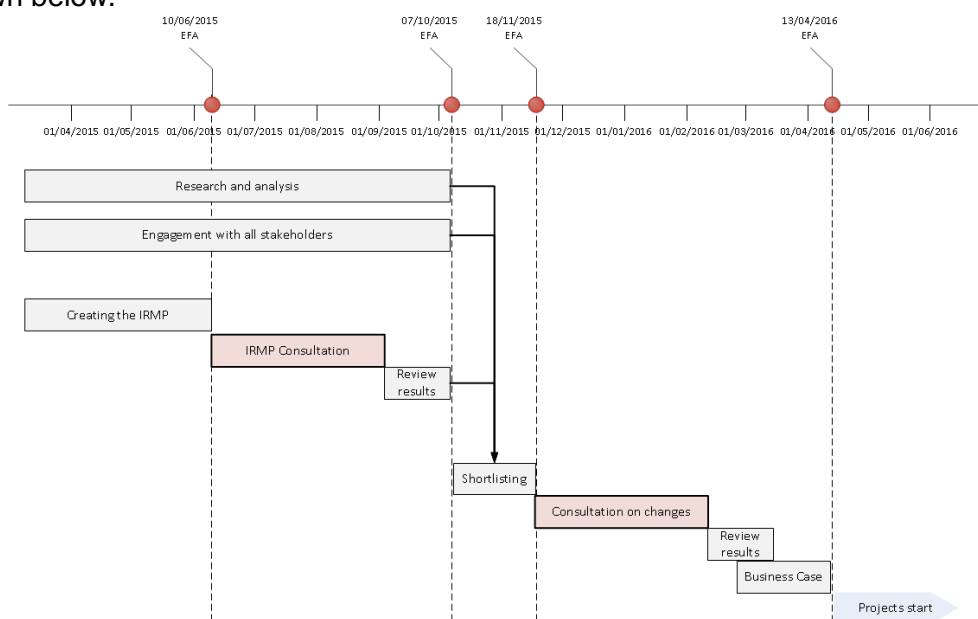
**RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications arising from the matters dealt with in this paper

**FINANCIAL IMPLICATIONS**

There are no financial implications arising from the matters dealt with in this paper

**LEGAL IMPLICATIONS**

There are no legal implications arising from the matters dealt with in this paper

**EQUALITY IMPLICATIONS**

There are no equality implications arising from the matters dealt with in this paper.

**ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications arising from the matters dealt with in this paper.

| **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985** | |
|---|---|
| **List of appendices attached to this paper:** | |
| **List of background documents (not attached):** | |
| Proper Officer: | Acting Chief Fire Officer Adam Eckley |
| Contact Officer: | **SDO Paul Bowers/Ben Pilkington**<br>Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB<br>Tel: 01376 576000<br>E-mail: ben.pilkington@essex-fire.gov.uk |