

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MINUTES OF A MEETING OF THE ESSEX FIRE AUTHORITY AUDIT, GOVERNANCE & REVIEW COMMITTEE HELD ON WEDNESDAY 21 January 2015 AT 2.00PM

Present:

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| Councillor J Knapman | Chairman |
| Councillor B Aspinell | |
| Councillor A Bayley | |
| Councillor G Butland | |
| Councillor M Danvers | |
| Councillor A Erskine | |
| Councillor C Guglielmi | |
| Councillor I Henderson | |
| Councillor P Honeywood | |
| Councillor M McEwen | |
| Councillor C Seagers | |
| Councillor P Wexham | |

The following Officers were present in support throughout the meeting:

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| Adam Eckley | Acting Chief Fire Officer |
| Julian Ashley | Senior Divisional Officer (attending on behalf of Paul Hill, Assistant Chief Fire Officer, Safer Communities) |
| Dave Bill | Assistant Chief Fire Officer - Operations |
| Roy Carter | Service Solicitor |
| Mike Clayton | Finance Director and Treasurer |
| Lindsey Stafford-Scott | Director of Human Resources and Organisational Development |
| Shirley Jarlett | Deputy Clerk and Monitoring Officer |
| Daniel Harris | 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 Hoy, T Kelly and A Wood.

1. Presentation to George Crowe

The Chairman of the Committee, Councillor Knapman, welcomed Mr George Crowe to the meeting and, on behalf of the Essex Fire Authority, made a presentation to him in grateful recognition of the administrative support he provided over many years to

meetings of EFA (Trading) Ltd. Mr Crowe expressed his thanks and commented on how much he had enjoyed his association with the Authority.

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. Minutes

The minutes of the meeting held on 8 October 2014 were agreed as a correct record and signed by the Chairman.

Arising from consideration of minute 119 (Preliminary enquiry into the treatment of pension injury payments within the Fire Fighters pension scheme), the Acting Chief Fire Officer advised that a meeting of the eighteen authorities affected had taken place in December 2014 to share understanding of how the situation had occurred, address issues of common concern and identify matters to be raised with the Department for Communities and Local Government (DCLG). The Finance Director and Treasurer had now met the DCLG to discuss proposals for recovery of the outstanding liabilities from Authorities. A thorough system of checks and balances had been put in place and Officers were confident that similar issues could not occur in future.

4. Internal Audit Progress Report

The Committee considered report EFA/005/15 by the Finance Director and Treasurer which provided an update by Baker Tilly on progress against the 2014/15 internal audit plan.

Members were pleased to note that, to date, the Auditors had identified no issues which would have a negative impact on their annual report and no common weaknesses. A report concerning the Audit Plan for 2015/16 would be submitted to the next meeting of the Committee on 22 April.

The report was noted.

5. Audit Recommendation Report on Progress Against Action Plans

The Committee considered report EFA/006/15 by the Finance Director and Treasurer which provided an update on progress against the action plans developed by the Service in response to Audit reports. Items reported as completed in the previous quarter's report had been deleted.

In presenting the report, the Finance Director and Treasurer advised that progress was 'on track' for all actions, except that relating to automation of the process for network user formal agreement of the ICT Acceptable Use Policy. Implementation of the new Control Room project had taken priority, meaning that, although the mechanics of the automated system were now in place, a lack of resources had led to a delay in delivery.

Resolved:

That the progress made against the action plans developed by the Service in response to audit reports be noted.

6. Audit Reports

The Committee considered report EFA/007/15 by the Finance Director and Treasurer which provided internal audit reports on Fleet Management, Performance Management and Fuel Cards for review. Members noted that Fleet Management had received an Audit Conclusion of 'Substantial Assurance', and that the Conclusion for both Performance Management and Fuel Cards had been 'Reasonable Assurance'.

The Committee was particularly pleased to note the Conclusion of 'Substantial Assurance' (with no recommended actions) for the audit of Fleet Management and wished to record their thanks and congratulations to all involved.

With regard to the audit of Performance Management, the Committee was satisfied with the recommended actions proposed by Officers to address the audit recommendations, noting that any recommendations which were not fully completed would be included in the regular report on progress against action plans. In response to a question regarding appliance availability, the Acting Chief Fire Officer commented that the Service was aware of the impact of the numbers of retained fire fighters on performance against this indicator, and was committed to improve their recruitment and retention.

With regard to the audit of Fuel Cards, the Committee sought action on the recommended development of a policy and procedures for users of fuel cards and noted that this would be reported to the next meeting as part of the regular report on progress against action plans. In response to a question concerning the sample size for the audit, Mr Harris advised that it had involved analysing claims relating to 20 fuel cards over a period of 4 months.

Resolved:

That the internal audit reports on Fleet Management, Performance Management and Fuel Cards be noted.

7. Organisational Performance Report

The Committee considered report FP/008/15 by the Director of Human Resources and Organisational Development which provided an overview of the Service's performance for the period November 2013 – October 2014.

In introducing the report, the Director of Human Resources and Organisational Development advised the Committee to disregard the final paragraph of the commentary on the first success measure relating to Objective 2 (We will provide a resilient, timely, safe and effective response when risks become incidents), as this had appeared in error.

Members reviewed the information provided concerning performance against success measures, and received updates on actions taken or proposed in response. The following information was provided in response to issues raised:

- It was important to conduct an Employee Engagement Survey even in times of industrial unrest. Although the outcome would be affected by the climate, experience showed that this was unlikely to cause Essex to be out of line with other Fire and Rescue services, and it was important to obtain a benchmark against which the outcome of future surveys could be measured.
- It was proving difficult to recruit to the post of Environment Officer due to a lack of suitable candidates, and alternative methods of recruitment were being investigated. Environmental projects such as the installation of solar panels were continuing in spite of the vacancy, but monitoring and other ongoing work was adversely affected. The post had the potential to generate significant cost savings (as demonstrated by the achievements of the previous post-holder), and for this reason it had been retained as full-time.
- Performance targets were set using various methods, including benchmarking against the Service's 'family group', recycling former Best Value indicators, local determination and annual agreement by the Authority.
- It was noted that work was ongoing to review the measures associated with Objective 2 (We will provide a resilient, timely, safe and effective response when risks become incidents).
- The impact of industrial action and withdrawal of goodwill on the issue of Wholtime Availability was noted, and Members requested that information be submitted to the next meeting to allow the comparison of current performance with that achieved outside a time of industrial unrest. It was also agreed that future reports would include simple explanatory information to support statements such as that relating to a 'shortage of riders'.
- The issues associated with the non-availability of appliances due to staff training were noted.
- The formula for standard and minimum crewing had previously been removed by the Fire Authority due to its inefficiency.
- SDO Ashley commented on the casualty reduction work undertaken by the Service (in conjunction with partners), which had contributed to a reduction in those killed or seriously injured on the roads. The Committee welcomed the valuable work being carried out and suggested that it be the subject of a report to a future meeting of the Fire Authority.

Resolved:

1. That the report be noted.

2. That information be provided to the next meeting of the Committee to allow the comparison of current performance with that achieved outside a time of industrial unrest.
3. That future reports include simple explanatory information where appropriate.

8. Budget Review November 2014

The Committee considered report FP/009/15 by the Finance Director and Treasurer which reported on the expenditure against budget as at 30 November 2014 and identified major variances to the budget for the year.

In introducing the report, the Finance Director and Treasurer highlighted that numbers of watch-based firefighters were above the critical minimum. He also referred to the causes of the only area of overspend (on Premises and Equipment), which was due to factors largely outside of the Authority's control, such as fuel costs associated with a particular incident and increases in the cost of utilities. Finally, the savings on the cost of fire fighters related to a long term strategy which budgeted for posts in the Strategic Crewing Reserve, with a view to offsetting future reductions in government funding.

Resolved:

1. That the review of income and expenditure against the budget be noted;
2. That the actual position with regard to capital expenditure be noted; and
3. That the Forecast expenditure for 2014/15 be noted, together with the planned submission of a review of the treatment of the underspending to the next meeting of the Policy and Strategy Committee.

9. Draft Budget for 2015 - 16

The Committee considered report FP/010/15 by the Finance Director and Treasurer which provided options for the revenue and capital budgets for the Authority for 2015/16, together with information on the budget and business planning process. Initial information on the formula grant settlement, share of national non-domestic rates, council tax base and collection account for 2015/16 were also provided.

In considering the report, Members reaffirmed that the Committee's role with regard to the report was to satisfy itself that the budget-setting process had been correctly conducted.

The following information was provided in response to points arising from consideration of the report:

The Committee noted that the budget reflected the changing priorities of the Service. The success of the increased emphasis on prevention work had resulted in a change to what was required from the operational response and resources were being rebalanced accordingly. This was in accordance with the medium-term strategy agreed by the Fire Authority.

- The reimbursement of monies associated with the pension injury payments issue had been taken into account, assuming repayment by 31 March.
- It was noted that, although staff were encouraged to work flexibly, including from home, they were not provided with additional equipment to facilitate this, and budgetary provision for this had not been made.
- In response to a question by the Chairman, the Acting Chief Fire Officer undertook to provide to all Members of the Authority in advance of the meeting on 11 February information concerning an apparent increase in the number of senior staff within the Service.

Resolved:

1. That the draft budget for 2015 – 2016 be noted.
2. That the Committee express the view that the budget-setting process has been properly conducted.
3. That further information be provided to all members of the Authority regarding an apparent increase in the number of senior staff within the Service

10. Treasury Management Strategy Mid-Year Report

The Committee considered report EFA/011/15 by the Finance Director and Treasurer which stated that, in accordance with the requirements of the CIPFA Code of Practice on Treasury Management, a set of indicators had been approved by the Authority in February 2014, which were intended to demonstrate that capital investment plans are affordable and that consequential borrowing would be based upon sound treasury management strategy. The Code of Practice required these indicators to be monitored and reviewed on a rolling basis. The report provided an update on the Authority's performance in the first six months of 2014/15 against those indicators.

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

- Treasury Management Practice 6 (Money Laundering) related to protection for the Authority against being used for that purpose. It had little impact on Essex, which did not handle a great deal of cash.
- The Authority aimed to repay any capital finance well before the end of the expected life of appliances and property. It was sometimes possible for appliances to last longer than their projected lifespan, but this did not take account of issues such as obsolescence.
- The Committee requested that options for improving the return on the investment of cash balances be investigated, with a further report to be submitted to a future meeting of the Committee, with a view to making recommendations for consideration by the Fire Authority.
- It was noted that adoption of a policy to encourage the early repayment of loans would not be sensible due to the severe penalties associated with it.

Resolved:

1. That the Treasury Management position for 2014/15 be noted.
2. That performance against the treasury management indicators for 2014/15 be noted.
3. That a report setting out options for improving the return on the investment of cash balances be submitted to a future meeting of the Committee, with a view to making recommendations for consideration by the Fire Authority.

11. Business Continuity

The Committee considered report EFA/012/15 by the Finance Director and Treasurer which provided an in-depth review of one of the areas agreed for the 2014/15 work plan. The report covered business continuity activities carried out during 2014.

The Chairman commented that the report had reassured him that the resilience programme requested by the Committee was in place. This view was supported by the resilience clearly demonstrated during recent periods of industrial action.

In response to a question, the Finance Director and Treasurer commented on the causes of the ICT Server Room Power Outage in September 2014, stating that remedial action had been taken, and lessons learned. A speedy resolution had ensured that the impact was less extensive than it could have been for an incident of that nature.

Resolved:

That the Committee agree that the business continuity activity described in report EFA/012/15 provide sufficient reassurance that the activities of the Service will continue after a business continuity interruption.

12. Pension Governance

The Committee considered report EFA/013/15 by the Director of Human Resources and Organisational Development which provided information regarding the governance of pension arrangements within the Authority. The report also provided an update on pending changes to the pension arrangements for Firefighters in April 2015.

In response to questions, the Director of Human Resources and Organisational Development advised that it was not yet clear what would be the impact of the new Pension Board on the role of the Committee as it related to pensions. Members were concerned at the possibility of duplication and it was agreed that further information would be provided as soon as it became available. Although the Authority was required to establish a Board for April 2015, it was unlikely to be functioning by that date (as the Pensions Regulator was aware) as the regulations had yet to be finalised. Although locally established boards were required by the draft regulations, it was hoped that economies of scale could be achieved, for example by working with other Fire Authorities to provide training on a regional basis.

The Committee welcomed the improved communication with Essex Pension Services (currently contracted by the Authority to provide the administering arrangements for the Fire Pension Schemes).

Resolved:

1. That the report be noted, together with the activity in 2014 related to the governance of pension arrangements and the activity pending in 2015 to ensure the effective introduction of the Pension Board and the new Firefighters' Pension Scheme.
2. That a further report be submitted to a future meeting of the Committee providing an update on the arrangements for the Fire Scheme Pension Board and information regarding the proposed terms of reference and membership of the Board.
3. That further information regarding the impact of the proposed Pension Board on the role of the Committee with regard to pensions be provided as soon as the position becomes clearer.

13. Date of Next Meeting

Members noted that the next meeting of the Committee would take place on Wednesday 22 April 2015 at 2.00pm.

The meeting closed at 4.10pm

Signed.....

Chairman
22 April 2015