

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MINUTES OF A MEETING OF THE ESSEX FIRE AUTHORITY AUDIT, GOVERNANCE AND REVIEW COMMITTEE HELD ON WEDNESDAY 20 JANUARY 2016 AT 10:00 AM

Present:

Councillor J Knapman	Chairman
Councillor A Bayley	
Councillor G Butland	
Councillor M Danvers	
Councillor C Guglielmi	
Councillor P Honeywood	
Councillor M McEwen	
Councillor J Moyies	
Councillor C Seagers	
Councillor A Wood	

The following Officers were present in support throughout the meeting:

Paul Hill	Assistant Chief Fire Officer – Safer and Resilient Communities
Mike Clayton	Finance Director and Treasurer
Lindsey Stafford-Scott	Director of Human Resources and Organisational Development
Philip Thomson	Clerk and Monitoring Officer to Essex Fire Authority
Daniel Harris	RSM UK (Internal Auditors)
Kevin Suter	Ernst & Young LLP (External Auditors)
Martina Lee	Ernst & Young LLP (External Auditors)
Fiona Lancaster	Committee Officer

Danny Bruin, Health and Safety Manager, also attended to offer support on agenda item 13 (Health and Safety Annual Report 2014/15).

Apologies for absence were received from Councillors M Coxshall, I Henderson, M Hoy, A Turrell, J Ware-Lane, and also from Adam Eckley, Acting Chief Fire Officer and Dave Bill, Assistant Chief Fire Officer - Operations.

1. Minutes

The minutes of the meeting held on 7 October 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 Recommendation – Report on Progress Against Action Plans

The Committee considered report EFA/011/16 by the Finance Director and Treasurer which provided an update on progress against the action plans developed by the Authority in response to audit reports. Items marked as completed in the previous quarter's report had been deleted from the table included with the report.

In presenting the report, the Finance Director and Treasurer reported that two Partnership agreements had been signed since the last meeting, but that the others remained outstanding so the audit recommendation could not yet be complied with. The issues relating to Employee Taxes were expected to be settled shortly.

The Committee noted that the changes to HR Transactional Processes meant that the process was likely to go off track as projects were being re-considered.

Members expressed their concern regarding the lack of progress being made with partners signing Authority agreements.

Resolved:

That the progress made against the action plans developed by the Authority in relation to Partnership Agreements and Employee Taxes be noted.

4. Audit Reports

The Committee considered report EFA/012/16 by the Finance Director and Treasurer which presented for review the following one internal audit report and the Annual Audit Letter from the External Auditors, Ernst and Young LLP:

- IT General Controls Health Check (internal audit report)
- Annual Audit Letter (external auditor report)

The additional report on a review of the pension and related payroll processes carried out by KPMG was considered under agenda item 10 (Pensions Governance and Administration and Employer discretions for the Firefighter Pensions Schemes) (minute 9 below refers).

Daniel Harris, RSM UK, introduced the key findings of the internal report and the Committee noted the Audit Conclusion of Reasonable Assurance with regard to IT General Controls Health Check.

In the light of identified IT General Control issues that needed to be addressed, particularly in regard to physical security and staff leaver (including agency staff) accounts, the Members indicated that the agreed management actions were reasonable.

Kevin Suter, Ernst & Young LLP, reminded Members that the Annual Audit Letter was a summary of the key issues arising from their audit relating to the 2014/15 year.

Members noted that from the 2017/18 financial year the timetable for the preparation and approval of accounts would be brought forward. As a result of this change, the Authority would need to produce its draft accounts by 31 May for these to be audited by

31 July. Work was already underway to review processes and carry out “dry-runs” and the Committee supported the actions to be taken to alleviate the pressures of the earlier deadline.

In response to a question regarding the qualified value for money conclusion, Members were reminded that this was as a result of the findings from the (Irene Lucas) Cultural review.

Resolved:

1. That the internal audit report on IT General Controls Health Check be noted.
2. That the Annual Audit Letter from Ernst & Young LLP be noted.

5. Internal Audit Progress Report

The Committee considered report EFA/013/16 by the Finance Director and Treasurer which provided an update by RSM UK on progress against the internal audit action plan, attached to the report as an appendix.

Members noted that the reports on Workforce Planning/Utilisation and the Purchase of New Applications would be submitted to the next meeting of the Committee on 20 April.

The report was noted.

6. Budget Review – November 2015

The Committee considered report EFA/014/16 by the Finance Director and Treasurer which reported on expenditure against budget as at 30 November 2015 and identified major variances to the budget for the period. The report also reviewed the forecast outturn for 2015/16.

The following points arose from the Committee’s consideration of the report:

- The Committee noted the overspend with on-call firefighter expenditure as a result of industrial action costs which had not been budgeted for.
- Members noted that key training sessions had been delivered to firefighters working on industrial action days.
- The Committee was reassured that the number of watch based firefighters would return to normal levels within the next month due to the introduction of Heavy Duty Rescue Pumps, and that the current level had not significantly impacted on appliance availability. There were times when appliances were not available, but this was not an every day issue.
- The Authority’s total forecast for 2015-16 showed an expected overspend of £92k. The Finance Director and Treasurer was confident that the forecast overspend could be eliminated by the use of agreed reserves to fund specific expenditure in 2015-16.
- Further site areas had been identified for solar panels, details of which would be included in the next budget. A financial appraisal of the tariff charges would be assessed at the appropriate time.

- Members noted that the full costs of the Cultural Review and the Expert Advisory Panel would be reported to the full Fire Authority.

Resolved:

1. That the review of income and expenditure against the budget be noted.
2. That the forecast position for 2015/16 be noted.
3. That the actual position with capital expenditure be noted.

7. Draft Budget for 2016-17

The Committee considered report EFA/015/16 by the Finance Director and Treasurer which provided the Committee with:

- The options for the revenue and capital budgets for the Authority for 2016/17;
- Information on the budget and business planning process; and
- Information on the formula grant settlement, share of national non-domestic rates, council taxbase and collection account for 2016/17.

The Committee was reminded that following consideration of the 2016/17 budget planning assumptions in September 2015 by the Policy and Strategy Committee, the budget had been prepared showing figures for a Council Tax increase of 1.9%.

The following points arose from consideration of the report:

- Members noted that on 13 January the Policy and Strategy Committee had approved the draft budget for submission to the full Fire Authority.
- For budgetary purposes, a reduction in firefighter numbers had been allocated in line with the principles of change supported by the full Fire Authority.
- From 1 April 2016, the Authority would move to a National Living Wage for its staff aged 25 and above. This mandatory change was likely to affect apprentices only.
- The Authority had the resources needed to carry out the Programme 2020 project.
- The Committee indicated that it was satisfied with the approach taken with the budget-setting process and acknowledged that there could be significant changes to the budget after June, once the outcome of the Programme 2020 Programme was known.

Resolved:

That the draft budget for 2016 – 2017 be noted.

8. Community Development and Safeguarding (Evaluation report 2013/14 – 2014/15)

The Committee received a report EFA/016/16 by the Assistant Chief Fire Officer for Safer & Resilient Communities on the assessment of the delivery and impact of the

education and intervention schemes delivered by Essex County Fire & Rescue Service over the last two years.

The following points arose from consideration of the report:

- Members noted the recent challenge during the Authority's Integrated Risk Management Planning consultation that the work of the Service had not helped to reduce the number of house fires or incidents across Essex.
- There had been a significant increase in the number of safeguarding referrals, with approximately 50 live cases currently.
- A total of 65 courses had been run in 2015.
- Discussions were underway with Salford and Cranfield Universities regarding courses for offenders. Other authorities such as the Department of Work and Pensions and Housing Associations recognised the positive effect the courses had on stopping re-offending and there was a growing demand for these. The Authority was also helping to support other Fire Services in Kent, Cambridge and London.
- The Committee commented that the courses represented value for money and a good use of Authority resources.
- Members noted that students had the opportunity to go into Retained service, and there was anecdotal evidence to show that the courses also provided a positive impact on students' life values.

Resolved:

1. That the oral report from the Assistant Chief Fire Officer for Safer & Resilient Communities be noted, with the full written Community Development & Safeguarding Evaluation report (appendix) to be provided after the meeting [**Afternote:** full written report circulated by email on 20 January 2016].
2. That the Committee continued to support the Education, FireBreak, Fire Cadets and Junior Fire Setter Intervention schemes.

9. Pension Governance and Administration and Employer discretions for the Firefighter Pension Scheme

The Committee considered report EFA/017/16 by the Director of Human Resources and Organisational Development which provided information on the governance and administration of pension arrangements within the Authority, and which set out key employer decisions which were required in relation to the current Firefighter pension schemes.

The report on a review of the pension and related payroll processes carried out by KPMG was also considered (minute 4 above refers).

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

- With regard to the KPMG report of its review of internal processes and payroll function, it was confirmed that the priority scale of 'red' indicated an issue which needed immediate attention.

- Some Members indicated their surprise at the number of issues regarding pension arrangements which needed to be rectified. The Committee was reassured that the recommendations were being followed up and a progress report would be provided at the next meeting.
- The Committee noted that James Durrant had joined the Authority as the new in-house Pensions Manager, providing the technical expertise needed in this area.
- Affinity was a national organisation with advisers available to offer financial advice.
- Members noted that as a result of the Government's changes to State Pensions, individuals and employers would have to pay higher National Insurance contributions.

Resolved:

1. That the report be noted.
2. That the Statement of Policy of employer discretions be noted.

10. Programme 2020 – Progress Report

The Committee received report EFA/018/16 by the Acting Chief Fire Officer (presented by the Director of Human Resources and Organisational Development) which provided an update on the progress of work Programme 2020 and a forward view of planned work.

Members noted that the Retained Duty System (RDS) Development Project had now progressed into the delivery stage, and that the vacancy for an on-call Liaison Officer had generated interest.

The outcomes of the second stage consultation and a revised Corporate Strategy and business case for change would be considered at the 6 June meeting of the Essex Fire Authority.

The report was noted.

11. Organisational Performance Report

The Committee reviewed report EFA/019/16 by the Director of Human Resources and Organisational Development which provided an overview of the Authority's performance for the period December 2014 to November 2015.

The Members noted the annual measures which were not included in the update, as well as those measures still under development and subject to the confirmation of the Programme 2020.

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

- The Committee would be provided with an update at its April meeting on how the Strategic Delivery Board (SDB) intends to reverse the trend in the increase

of secondary and accidental dwelling fires. More community safety work on fires relating to cooking was needed.

- An in-depth analysis into accidental dwelling fires and targeted intervention was currently being produced to help find solutions to reduce the number of incidents.
- Indicators relating to the achievement of a timely response to incidents were likely to be replaced by a measure of how long it takes to attend an incident from the time of call to the time of arrival, to enable the Authority to have a more reliable indication of performance.
- The Committee noted that employees had to produce a medical certificate to cover any sickness absence on industrial action days. A reward scheme for perfect attendance was not regarded as appropriate, since such schemes can incentivise the wrong employee behaviours.

Resolved:

That the report be noted.

12. Health and Safety Annual Report 2014/15

The Committee received report EFA/020/16 by the Director of Human Resources and Organisational Development (presented by Danny Bruin, Health and Safety Manager) which provided an update on the Authority's health and safety plans and performance for the year 2014/15.

Members were pleased to note the progress being made in this area, particularly with the reduction of accidents and the decrease in the total number of lost working days.

The report was noted.

13. Achievement First Appraisal Process

The Committee considered report EFA/021/16 by the Director of Human Resources and Organisational Development which provided a summary of the implementation of the Authority's Achievement First Appraisal process and an update on the review of the process.

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

- The Strategic Management Board (SMB) supported the continuation of the current appraisal process and cycle.
- The end of year return rate for completed review forms was 67%. An online process was being considered which could reduce the time taken to complete electronic forms and improve the response rate. The paperwork would also be simplified wherever possible.
- New introductory coaching skills courses would be available to all managers.
- There was general support from the Members for the continuation of the Appraisal process and for the approach being taken to successfully embed a performance management culture into the Authority.
- The implementation of the Appraisal process would be monitored regularly.

The Director of Human Resources and Organisational Development undertook to circulate a copy of the standard Appraisal forms to the Committee.

The report was noted.

14. Date of Next Meeting

Members noted that the next meeting of the Committee would take place on Wednesday 20 April 2016 at 10.00 am.

The meeting closed at 12.05 pm.

Signed.....

Chairman
20 April 2016