



Minutes of the meeting of the Essex Fire Audit, Governance & Review Committee, held on Wednesday, 05 October 2016

Present:

Councillor J Knapman	Chairman
Councillor A Turrell	Vice-Chairman
Councillor D Blackwell	
Councillor I Henderson	
Councillor P Honeywood	
Councillor M Hoy	
Councillor J Huntman	
Councillor V Metcalfe	
Councillor C Seagers	
Councillor J Ware-Lane	
Councillor R Woodley	

The following Officers were present in support throughout the meeting:

Mike Clayton	Finance Director and Treasurer
Dave Bill	Director of Prevention, Protection and Response
Mark Stagg	Director of Transformation
Tracy King	Assistant Director of Business Planning and Performance
Lucy Clayton	Performance Analyst
Shirley Jarlett	Clerk and Monitoring Officer to Essex Fire Authority
Martina Lee	Ernst & Young LLP (External Auditors)
Fiona Lancaster	Committee Officer (Essex County Council)

Apologies for absence were received from Councillors N Hume, M McEwen and A Wood, and also from Adam Eckley, Acting Chief Fire Officer and Acting Chief Executive and Kevin Suter from Ernst & Young LLP (External Auditor).

The Chairman reported that Councillor Sue Macpherson had now stood down as a representative on the Essex Fire Authority and as a member of the Audit, Governance and Review Committee. Details about her replacement would be confirmed in due course.

1 Declarations of Interest

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

2 Minutes (part I)

The minutes of the meeting held on 13 July 2016 were agreed as a correct record and signed by the Chairman.

3 Auditor's Report on Accounts

The Committee considered report EFA/112/16 prepared by Ernst & Young LLP (presented by Martina Lee, Ernst & Young LLP) which summarised the findings from the 2015/16 audit.

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

- The External Auditors had now completed their audit and had given an unqualified opinion on the financial statements and conclusion on the value for money arrangements. The outstanding matters listed in Appendix A had all been completed.
- The External Auditors were satisfied that there were no matters to report in relation to the three significant risks identified during the planning phase of their audit (refer page 23 of the agenda pack).
- The External Auditors were satisfied with the arrangements that had been put in place regarding the recommendations and actions arising from the independent cultural reviews.
- The External Auditors thanked the Fire Authority's Finance team for their co-operation throughout the audit process.
- Acknowledging that the Auditor's Report on Accounts was first presented to the Policy and Strategy Committee, the Members asked whether it would be possible to receive future reports ahead of their completion.
- The Committee discussed the risks in relation to Programme 2020 and particularly the financial risks if savings were not achieved. The Director of Prevention, Protection and Response, reassured Members that there was ongoing monitoring of the risks and models, in addition to the annual reviews on operational challenges.
- The Committee expressed some concern regarding the number of firefighters leaving the Authority before retained firefighters had been put in place, and how this could affect the strategic plans.
- The Director of Prevention, Protection and Response, indicated that he would provide more detail regarding on-call firefighters to help explain the re-organisation of resources locally.

Resolved:

1. That the Auditor's Report on Accounts be noted, recognising that on-call firefighter recruitment needed to be improved to ensure that the future plans of the Authority were not compromised and that the arrangements would be under

constant review.

2. That the Finance Director and Treasurer (and External Auditors) would explore the possibility of providing the Auditor's Report on Accounts to an earlier meeting of the Committee in the next financial year.

4 Audit Recommendation - Report on Progress Against Action Plans

The Committee considered report EFA/115/16 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.

The Finance Director and Treasurer commented that there were no reports for review at this stage, but that a large number would be presented to the January 2017 meeting.

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

- The Committee identified a number of timescales within the IT General Controls, Workforce Planning and Purchase of New Appliances sections which suggested that action plans were not on track. In response, the Finance Director and Treasurer updated the Committee on the correct position and agreed to provide a revised report to the Committee.
- The Police and Crime Commissioner's plans did not impact on the Authority's financial projections to 2020 at this point.
- The Committee discussed its role and the perceived lack of a governance work focus. Members considered the view that Officers should be asked to appear at Committee meetings to explain why they were not achieving their targets.
- The Clerk reported that elements of the Authority's Constitution were being reviewed and Members would be welcomed to get involved with this. Councillor Knapman indicated his willingness to help.

Resolved:

That, subject to the progress made against the action plans developed by the Authority being updated to reflect the correct position, the report be noted.

5 Budget Review and Revised 2016-17 Budget

The Committee considered report EFA/114/16 by the Finance Director and Treasurer which provided an update on expenditure against budget at 31 August 2016 and on major budget variations. It also provided an updated budget for 2016-17 to reflect the implementation plan for the Programme 2020 and sought approval for the budget virements required.

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

- The Committee noted the £60k overspend on employment costs, with the largest overspend relating to the employment of support staff.
- The number of whole time firefighters was 16 below the phased budget as a result of the major change of appliances at the end of September.
- Members noted the reduction of on-call firefighters, which was in line with the decision made by the Authority in June, and that the Consultation on amendments to the bandings for on-call availability was now underway. On-call numbers were expected to rise in 2017 as a result of a new recruitment drive. The Committee expressed concern regarding the perceived lack of progress in recruiting on-call firefighters and the possible effects that the failure to recruit could have on the Authority's strategy.
- The revised budget reflected the Programme 2020 changes, with the most significant factor relating to early exit retirement costs for firefighters which would be met from the capital receipts reserve, as agreed in advance with the External Auditors. In response to some concerns expressed about the use of that reserve and changes to the accounting policy, the Finance Director and Treasurer agreed to explore the possibility of creating a business transformation reserve instead.
- Savings would be made with the reduction in the numbers of operational appliances and those held in reserve. As part of the current contract, eight appliances would be upgraded each year until 2018.
- The Committee requested more information from the Finance Director and Treasurer on aspects relating to temporary/casual support staff, including information on lengths of contracts and work areas being covered, so that Members could understand the overspend in this area and how it was being managed. An on-call firefighter variance analysis would also be provided at the January meeting.
- The Committee noted the change of forecast relating to capital expenditure as a result of some items not being delivered by the end of the previous financial year. Collaborative working with Essex Police and the possibility of the police moving to the Authority's Kelvedon Park site had affected the progress of some projects, such as new service workshops.
- The Clerk would check whether the revised Budget 2016-17 needed to be referred back to the full Fire Authority for formal approval.

Resolved:

1. That the position on the Authority's income and expenditure at 31 August 2016 compared to the original budget be noted;
2. That the capital expenditure spend against budget for the period to 31 August 2016 be noted;
3. That the staffing position in respect of on-call firefighters be noted, accepting

that the Committee remain concerned about the ability to recruit on-call firefighters;

4. That the revised 2016-17 budget and the transfer of £2.9m from revenue reserves be noted.

5. The Finance Director and Treasurer to provide further details relating to temporary/casual support staff, including the lengths of contracts and work areas being covered, at the January meeting of the Audit, Governance and Review Committee.

6 Organisational Performance Report

The Committee considered report EFA/113/16 by the Director of Transformation which provided an overview of the Authority's performance for the 12 month period to 31 August 2016.

The following points arose from the Committee's consideration of the report concerning performance against success measures, and received updates on actions taken or proposed in response:

- The Committee referred back to the issues raised at the previous meeting regarding the accuracy and level of data presented in reports, and the need for consistency in terminology to enable comparisons to be made. The Members agreed that "worse than" could be used to ensure that outcomes were not misunderstood.
- Members expressed concern regarding the number of kitchen fires and the different levels of collaboration and good practice with other partners, particularly in relation to independent living elderly residents. The Director of Prevention, Protection and Response indicated that he would be providing a report to the January meeting on this issue.
- The Committee was reassured that details relating to on-call recruitment would be provided at every meeting.
- The amount of additional work being undertaken with other authorities and what level of savings others were achieving, and how the Authority could examine whether it was facing higher costs as a result of additional collaboration.
- The Director of Prevention, Protection and Response confirmed that the total appliance availability percentages were correct, and that attendance was at an appropriate level. August had been a challenging month, but availability had been maintained by the use of new initiatives.
- Some concern was expressed regarding the lack of data from Essex County Council for people killed or seriously injured in road traffic collisions from December 2015 to August 2016.

Resolved:

That, the Report circulated with the agenda be noted.

7 Performance Indicators Report

The Committee received a presentation from the Director of Transformation, the Assistant Director of Business Planning and Performance and the Performance Analyst on the intention to develop a more meaningful set of key performance indicators (KPI's) and a new reporting timetable that deliver assurance to Members and Senior Leaders that the Authority is delivering against its strategy.

The Committee welcomed the development of improved data and supported the proposed next steps which included Member participation in workshops.

In response to a question regarding Family Group 4, which was currently formed of 18 fire and rescue services from England, Wales and Northern Ireland, the Committee noted that the Group continued to meet twice a year, at which time the Authority's measures and relevance were reviewed.

Resolved:

That, a copy of the slideshow presentation be circulated to Committee Members.

8 Programme 2020 - Progress Report

The Committee received report EFA/116/16 by the Acting Chief Fire Officer and Acting Chief Executive (presented by Mike Clayton, Finance Director and Treasurer) which provided an update on the work of Programme 2020 and a forward view of planned work.

Programme 2020 was now in the delivery phase and the Authority was beginning to implement the changes. The Committee noted that it would receive Programme Progress reports at all future meetings.

The report was noted.

9 Health and Safety Annual Report 2015-16

The Committee received report EFA/117/16 by the Director of Prevention, Protection & Response which provided an update on the Authority's health and safety plans and performance for the year 2015/16.

The Committee acknowledged the good results arising from the past year's activities, and the report was noted.

10 Date of Next Meeting

Members noted that the next meeting of the Committee would take place on Wednesday 18 January 2017 at 10.00 am.

11 Exclusion of the Press and Public

Resolved:

That having reached the view that, in each case, the public interest in maintaining the exemption (and discussing the matter in private) outweighed the public

interest in disclosing the information, the public (including the press) be excluded from the meeting during consideration of the following items of business on the grounds that it involved the likely disclosure of exempt information as specified in paragraphs 1 and 4 of part 1 of Schedule 12A of the Local Government Act 1972.

[The External Auditor, Martina Lee, together with Officers Tracy King and Lucy Clayton, left the meeting at this point].

12 Minutes (part II)

The confidential minutes of the meeting held on 13 July 2016 were agreed as a correct record and signed by the Chairman.

13 Value for Money Review - Expert Advisory Panel

The Committee considered report EFA/118/16 by the Finance Director and Treasurer which provided a review for Members of the Expert Advisory Panel.

Resolved:

That the report on the review of the Expert Advisory Panel be noted.
(Please note that a fuller record is set out in the confidential appendix of the meeting).

The meeting closed at 12.25 pm.

Signed.....
(Chairman)

Date.....