

HUMBERSIDE FIRE AUTHORITY
GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE

14 SEPTEMBER 2015

PRESENT: Independent Co-opted Members Mr D Chapman (Chairperson), Mr J Doyle, Mrs P Jackson, Mr A Smith, Mrs M Thomlinson and Mr C Vertigans

Councillors Briggs, Hodgson and Payne attended as observers.

Deputy Chief Fire Officer/Executive Director Service Delivery, Executive Director Service Support/Section 151 Officer, Director of Organisational Development, Director of Emergency Response, Personal and Organisational Development Manager, Corporate Planning and Performance Manager, Committee Manager, Mr R Khangura (External Audit – KPMG), Ms J Rae (External Audit – KPMG), and Mrs B Boyes (Internal Audit - MIAA) were also present.

An apology for absence was received from Mr M Allingham.

The meeting was held at the Humberside Fire and Rescue Service Headquarters, Kingston upon Hull. Meeting commenced at 10.00 a.m.

(The Chairperson welcomed Mr S Topham, Personal and Organisational Development Manager who had been appointed Director of Service Support with effect from 1 October 2015, and all Councillors and other Officers who were observing the meeting. The Chairperson also asked that Members' condolences be conveyed to Mr K Evans, Director of Public Safety on the sad loss of his father.)

PROCEDURAL

4916 DECLARATIONS OF INTEREST - No declarations were made in connection with any of the items to be considered at the meeting.

4917 MINUTES – Resolved – That the minutes of the meeting of the Committee held on 13 July 2015 having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chairperson.

MATTERS ARISING FROM THE MINUTES, OTHER THAN ON THE AGENDA

4918 Scrutiny Work Programme 2015/16 – Business Safety Scoping - Update – The Chairperson referred to Minute 4887 and stated that there seemed to be some confusion as to when the outcome of the review would be reported to this Committee and confirmed that discussions with Officers were on-going and that it would be the November 2015 meeting to which any findings of the review will be submitted.

Resolved – That the report be noted.

4919 Opening of Clough Road Fire Station, Hull – A Member referred Minute 4884 and expressed his appreciation for the invitation to Members of this Committee to attend the official opening of Clough Road Fire Station on 24 July 2015.

Resolved – That the report be noted.

GOVERNANCE

4920 UPDATE: MATTERS ARISING/FEEDBACK FROM FIRE AUTHORITY – The Committee Manager presented a report by the Monitoring Officer/Secretary summarising the consideration given by the Authority at its meeting on 24 July 2015 to the draft minutes of the meeting of the Committee held on 13 July 2015 and also providing feedback on other items considered by the Fire Authority.

The Chairperson stated on behalf of Members that feedback from the Fire Authority is invaluable to them and therefore feedback reports such as the one now submitted was very much appreciated.

Resolved – That the report be noted.

SCRUTINY PROGRAMME

4921 SCRUTINY WORK PROGRAMME 2015/16 – BUSINESS SAFETY SCOPING - UPDATE – Further to Minute 4887 the Chairperson invited Mr J Doyle on behalf of the Member Sub-Group (comprising Mr Vertigans, Mrs Tomlinson, Mr Smith and himself) to update the Committee with regard to scrutiny topic “ Business Safety”. Mr Doyle reported that following the discussion of the initial scoping paper at the Committee meeting on 13 July 2015, and a number of helpful meetings since then with staff and officers, the Sub-Group had agreed to restrict the current review to a small number of specific areas where it was felt that they could make constructive recommendations to the Service, and which if acted upon would give the Authority reassurance that the Service’s approach to Business Safety is reasonable, proportionate and adds value. Given the reality of the legislative environment that encompasses Business Safety, Members recognised that the current review could be significantly extended. At this stage however Members felt that the ability to undertake on-going ‘bite size’ incremental reviews if and when matters of concern arise will lead to a more relevant, independent and timely set of outcomes, which in a sense matches the Service’s reactive nature to Business Safety that itself was a direct consequence of the legislative environment it has to work within. The Committee was informed of four preliminary recommendations which were still subject to change. A full written report on the review will be prepared in due course after further discussions with the Director of Public Safety and others ahead of a formal presentation of the findings of the review at the Committee meeting on 2 November 2015. No areas of major concern had been identified by the Sub-Group. Mr Doyle on behalf of the Sub-Group expressed thanks to S Topham (Personal and Organisational Development Manager) and Mrs L Andrew (Head of Corporate Communications) for their help as well as the Sub-Group Members for their assistance and support. A Member referred to the recent Beverley Business Safety event which 3 Members had attended and had found that the event had been very well received by some 20/30 organisations and had been conducted very professionally and as an example of business safety was excellent.

Resolved – That the report be noted and the Sub-Group be thanked for the update.

AUDIT

EXTERNAL AUDIT (KPMG)

4922 Report to those charged with governance (ISA 260) 2014/15 - Mr R Khangura and Ms J Rae (KPMG) submitted a report summarising the key issues identified during the audit of the Authority’s financial statements for the year ended 31 March 2015 and their assessment of the Authority’s arrangements to secure economy, efficiency and effectiveness in its use of resources (“VFM conclusion”). The External Audit Plan 2014/15 presented to the Authority in February 2015 set out the four stages of the financial statements audit process. The report now submitted focussed on the third stage of the process: substantive procedures. The report indicated that KPMG anticipated issuing an unqualified audit opinion following approval of the Statement of Accounts by the Fire Authority on 25 September 2015. KPMG had identified a number of audit differences, which were set out in Appendix 2 to the report. KPMG understood that those differences would be adjusted in the final version of the financial statements. The main area of adjustment had been in relation to the proposed contributions made to the Humberside Police and Crime Commissioner which had affected the balance sheet only. Adjustments had been made to the accounts to reduce the short term creditor balance by £60k and increase short term borrowing by an equivalent amount and to clarify the treatment of the long term creditor. KPMG had also recommended some amendment to the disclosure notes within the accounts. Mr R Khangura referred to the

paragraph on page 4 of the report relating to commutation payments in respect of the Firefighters' Pension Scheme (England): 1992 Scheme and stated that following the receipt of yet further guidance that the paragraph along with the relevant section of Appendix 2 to the report was now inappropriate and would be deleted from the report to be submitted to the Fire Authority. The draft accounts included a provision of £300k for the potential costs of future strike action. KPMG had agreed with the Authority that this would be more correctly shown as a reserve. The accounts had been corrected. The Authority had also corrected an error in the disclosures on finance leases which moved from long term to short term borrowing. In addition, KPMG had identified a small number of presentational adjustments that were required to ensure that the accounts were compliant with the Code of Practice on Local Authority Accounting the United Kingdom 2014/15 ('the Code'). KPMG understood that the Authority would be addressing these where significant. KPMG had reviewed the Annual Governance Statement and confirmed that:

- it complied with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and
- it was not misleading or inconsistent with other information KPMG were aware of from their audit of the financial statements.

KPMG had made a number of minor comments in respect of its format and content which the Authority had agreed to amend where significant. Ms Rae referred to the text in Appendix 1 with regard to Related Party Transactions and stated that the text might be amended before the report is submitted to the Authority.

Resolved – That the content of the report be noted and that Members of this Committee take assurance from the outcome of the audit.

4923 AUDITED STATEMENT OF ACCOUNTS FOR 2014/15 - The Executive Director Service Support/Section 151 Officer submitted a report presenting the audited version of the Fire Authority's Accounts for the financial year 2014/15 following the successful completion of the audit of the Authority's 2014/15 Statement of Accounts. In partnership with the Authority's external auditor, KPMG, a small number of adjustments to the draft Accounts had been undertaken in order to reach the final version. These were detailed in the 'Report to those charged with governance (ISA 260) 2014/15' referred to in Minute 4922 above. The final version of the Annual Accounts was attached at Appendix 1 of this report. Members were reminded that the draft unaudited Statement of Accounts for 2014/15 had been submitted to the meeting of this Committee on 15 June 2015. The external auditor, KPMG, in close liaison with the Fire Authority's Finance team, had now substantially completed the audit of the 2014/15 Statement of Accounts and supporting papers. The outturn position remained that which was reported to the 15 June 2015 meeting, a £1.269m underspend. The 'Report to those charged with governance (ISA 260) 2014/15' had given an unqualified value for money conclusion. Both of these aspects were extremely pleasing and showed another year of sound financial management. The report now submitted represented the final stage in the sign-off of the 2014/15 Statement of Accounts. The Executive Director Service Support/Section 151 Officer stated that the accounts to be presented to the Authority would need amending in light of the changes to be made by KPMG to the 'Report to those charged with governance (ISA 260) 2014/15' (Minute 4922 above refers). Once approved by the Authority, the draft 'Letter of Representation' attached at Appendix 2 of the report would be duly signed and submitted to KPMG. After the Authority on 25 September 2015 the 2014/15 Accounts would be distributed to stakeholders and local libraries as well as posted on the Authority's website, to ensure information was as accessible as possible. A further notice would also be placed in the press to inform the public that the 2014/15 audit of Accounts was now closed.

A Member referred to page 76 and queried the provision of a separate HFR Solutions reserve. The Executive Director Service Support/Section 151 Officer explained the purpose of the reserve.

Resolved – That Members of this Committee take assurance from the audited Statement of Accounts for 2014/15.

4924 MANAGEMENT ACCOUNTS TO 30 JUNE 2015 - The Executive Director Service Support/Section 151 Officer submitted a report containing the Authority's Management Accounts and Prudential Indicators for the period ending 30 June 2015. The summary estimated outturn position from the Management Accounts and Prudential Indicators was as follows:

- Revenue Budget - On budget
- Capital Programme - £10.493m expenditure against £12.942m allocation
- Pensions Account - £11.658m deficit

The format of the monthly Management Accounts had been streamlined and on a risk-based approach the Management Accounts for 2015/16 would follow this format on a quarterly reporting cycle as follows:

<u>Period Ending</u>	<u>Authority Meeting</u>
30 June 2015	24 July 2015
30 September 2015	23 October 2015
31 December 2015	15 February 2016
29 February 2016	18 March 2016

The Accounts had been previously submitted to the Fire Authority on 24 July 2015 (Minute 4907 refers).

Resolved – That Members take assurance from the report and the Authority's financial position for the period ending 30 June 2015.

INTERNAL AUDIT (MIAA)

4925 Internal Audit Update – Mrs Boyes (Internal Audit - MIAA) submitted a report outlining internal audit activity since the last meeting as follows:

Internal Audit Plan 2015/16 – Progress Update - The intended profiling for the delivery of the agreed 2015/16 Internal Audit Plan was summarised in the latest control schedule at Appendix 1 to the report. The schedule showed that the review of fees and charges was underway along with MIAA activity around change readiness which had consisted of 6 (to date) facilitated workshops with staff across the service. The workshops (run in conjunction with Corporate Communications) were designed to gather and assess evidence around the effectiveness of change readiness through a series of voting exercises to test understanding and perceptions surrounding change management. The project management infrastructure was also being reviewed. The engagement and outcomes arising from the workshops had been fruitful and the number of planned workshops had been extended accordingly. The outcomes will also inform the scoping of other audit assignments to ensure that the planned coverage is appropriately aligned with the feedback received. The specifications of planned reviews for quarters 3 and 4, to be ratified through Corporate Management Team prior to review commencement will be cognizant of the workshop feedback.

A Member referred to Appendix 1 and queried whether the number of items to be reported might have been distributed more evenly across the quarterly reporting periods. Mrs Boyes explained the reasoning behind the distribution and acknowledged that there would be spikes in the reporting process.

Mersey Internal Audit Agency Briefings - Appendix 2 to the report provided details of a forthcoming local MIAA event for Audit Committees (or similar) to be held on 25 September 2015 in Hull. This forum was intended to provide discussion and networking opportunities and the involvement of GAS Committee members would be welcomed. Appendices 3 and 4 to the report were MIAA briefing papers covering critical applications and sustainability – the former providing potential issues for coverage as part of the agreed review of this area and the latter (whilst NHS focussed) provided a framework with which to consider organisational sustainability issues. Appendix 5 to the report highlighted some risks in relation to electronic communications. The briefing papers were provided for the information of the Committee.

Resolved – (a) That the Committee notes the delivery profile of and progress with the 2015/16 Internal Audit Plan, and

(b) that the Committee notes the local MIAA event and briefing papers.

PERFORMANCE, RISK AND PROGRAMME MANAGEMENT

4926 Service Performance and Risk Report - 1st Quarter Period April – June 2015 -

The Corporate Planning & Performance Manager submitted a report providing information relating to the Service's Performance and Risk Framework which was highlighted in the following summary table:

Section 1 – Strategic Risks	
Reduction in external financial support.	No change in risk.
Emergency Services Mobile Communications Programme (ESMCP)	ESMCP, which is being managed nationally, will replace the existing Airwave communication system with a new Emergency Services Network. The success of this is critical to the Service. There are additional concerns that the cost share between Government and the Authority is not yet known.
Section 2 – Prevention Performance	
Accidental Dwelling Fires	20.5% under 3 year average.
Other Accidental Fires (exc. Vehicles)	11.3% over 3 year average.
Deliberate Primary Fires	5.0% over 3 year average.
Deliberate Secondary Fires	12.2% over 3 year average.
Number of Automatic Fire Alarms	8.4% under 3 year average.
Fatalities	1 fatality against aspirational target of zero.
Injuries	10 injuries against aspirational target of zero.
Section 3 – Response Performance	
First engine response	9.29% better than target
Second engine response	12.86% better than target
Section 4 – Projects Update	
Key projects are reported in this section	All on track except ARK
Section 5 – Absence Statistics	
Key data is reported in this section	There has been a minor increase for Wholetime, Retained, and Control.

Further detailed information was contained within Appendix 1 to the report and also the supporting information circulated separately.

A Member sought clarification of the data in Appendix 1 to the report regarding Medical Interventions which was answered by the Deputy Chief Fire Officer/Executive Director Service Delivery.

Resolved – That the Committee takes assurance as to the Service’s proactive approach to performance and risk management.

4927 Health, Safety and Environmental Report for the 1st Quarter Period April –June 2015 - The Deputy Chief Fire Officer/Executive Director Service Delivery presented a report by the Director of Public Safety submitted providing information with regard to Health, Safety and Environmental outcomes for the 1st Quarter Period April – June 2015. During this quarter the Service had gained an Industry Sector Silver Award from the Royal Society for the Prevention of Accidents. A snap-shot of this quarter was attached in Appendix 1 and the full detailed report was attached in Appendix 2 to the report. The Deputy Chief Fire Officer/ Executive Director Service Delivery stated that some clarification notes would be added to the report to be submitted to the Authority.

A query by a Member regarding water activity training was answered by the Director of Organisational Development.

Resolved – (a) That the Committee notes the report and takes assurance as to the Service’s proactive approach to Health, Safety and Environmental outcomes, and

(b) that the Committee records its appreciation to all those involved in gaining the Industry Sector Silver Award from the Royal Society for the Prevention of Accidents.

4928 INSPECTION OF MEMBER REGISTERS – The Member Registers of Interests and Declarations of Gifts and Hospitality were made available for inspection by any Member of the Committee as part of their monitoring role.

4929 INSPECTION OF OFFICER REGISTERS – The Officer Registers of Interests and Declarations of Gifts and Hospitality were made available for inspection by any Member of the Committee as part of their monitoring role.

4930 ANY OTHER BUSINESS – The following matters were briefly discussed:

- Academic Success – Members congratulated D Oprey and K Evans on the achievement in being awarded their Master Degrees.
- Member Days - The Chairperson reiterated the Committee’s previous views that Members of this Committee would welcome an invitation to attend any of the Members’ Meeting Days that have been scheduled when appropriate.

4931 EXCLUSION OF PRESS AND PUBLIC – Resolved – That the press and public be excluded from the meeting during consideration of the following item (Minute 4932) on the grounds that it is likely to involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

(In making its decision the Committee confirmed that having regard to all the circumstances it was satisfied that the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

4932 SCRUTINY WORK PROGRAMME 2014/15 – HFR SOLUTIONS – FEEDBACK ON IMPLEMENTATION OF SCRUTINY RECOMMENDATIONS - The Director of Organisational Development submitted a report providing an update following the report by the Chairperson to the Committee on 1 December 2014 detailing the outcomes of the Committee’s scrutiny of the trading activity of HFR Solutions CIC. Members were reminded that, since that report, greater clarity regarding the legal position of HFR Solutions CIC had been received and that meant that there would be no future reporting of HFR Solutions CIC activity to this Committee. For the same reason the Business Plan would not now be brought before this Committee. However, the report now submitted did detail how the Chairperson’s report was considered by HFR Solutions CIC Board. The Director of Organisational Development

expressed his thanks to the Committee for the contribution it has made and the differences it has made particularly around the company's Business Plan.

Resolved – That the Committee notes the contents of the report.

Meeting closed at 11.17 a.m.

