

**HUMBERSIDE FIRE AUTHORITY**  
**GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE**  
**15 SEPTEMBER 2014**

**PRESENT:** Independent Co-opted Members Mr D Chapman (Chairperson), Mr M Allingham, Mrs G Hardy, Mr D Hughes, Mrs M Thomlinson and Mr C Vertigans.

Councillors Briggs and Hodgson attended as observers.

Executive Director Service Support/Section 151 Officer, Acting Monitoring Officer/Secretary, Director of Commercial Services, Director of Operations (North), Director of Operations (South), Director of Service Support, Corporate Planning & Performance Manager, P Hayden (Group Manager), N Tharratt (Group Manager/HFR Solutions'), Committee Manager, J Prentice (External Audit – KPMG), Ms J Rae (External Audit – KPMG) and Ms B Jones (Internal Audit - MIAA) were also present.

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 all who were observing the meeting.*)

**4603 DECLARATIONS OF INTEREST** - No declarations were made in connection with any of the items to be considered at the meeting.

**4604 MINUTES – Resolved** – That the minutes of the meeting of the Committee held on 11 July 2014, 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**

**4605 Calendar of Committee Meetings 2014/15** - Further to Minute 4574 the Chairperson stated that Members considered that it might be appropriate for the Committee to hold meetings at venues other than at Headquarters during 2014/15.

**Resolved** – That further consideration be given at a future meeting to the venues for meetings of this Committee during 2014/15.

**4606 UPDATE: MATTERS ARISING/FEEDBACK FROM FIRE AUTHORITY** – A report by the Chairperson and Acting Monitoring Officer/Secretary was submitted summarising the consideration given by the Authority at its meeting on 22 July 2014 to the draft minutes of the meeting of the Committee held on 11 July 2014. The Chairperson referred to Minute 4578 and stated that the attendance of Councillor Briggs, Chairperson of the Fire Authority at the recent Committee Workshop had been very welcome but that it was considered that it would be beneficial for the Committee to meet with Councillor Briggs at one of the Committee's pre-meetings and that he would send an invite to Councillor Briggs in due course.

**Resolved** – That the report be noted

**4607 MANAGEMENT ACCOUNTS TO 31 JULY 2014** - The Executive Director Service Support/Section 151 Officer submitted a report containing the Authority's Management Accounts and Prudential Indicators for the period ending 31 July 2014. The summary estimated outturn position from the Management Accounts and Prudential Indicators was as follows:

- Revenue Budget - £270k underspend;
- Capital Programme - £11.456m total expenditure against an allocation of £12.056m;
- Pensions Account - £8.445m deficit.

A Member sought clarification regarding the funding of the Clough Road Fire Station scheme and in particular how the use of earmarked reserves was recorded in the accounts. The Executive Director Service Support/Section 151 Officer explained how the scheme was funded. The Chairman suggested that should the Member require any further clarification she should discuss the matter with the Executive Director Service Support/Section 151 Officer after the meeting.

**Resolved** – That Members take assurance from the report and the Authority's financial position for the period ending 31 July 2014.

### **EXTERNAL AUDIT (KPMG)**

**4608 Report to Those Charged with Governance (ISA 260) 2013/14** – Mr J Prentice (KPMG) submitted a report summarising the key issues identified during the audit of the Authority's financial statements for the year ended 31 March 2014 and their assessment of the Authority's arrangements to secure value for money (VFM) in its use of resources. The External Audit Plan 2013/14 presented to the Authority in February 2014 set out the four stages of the financial statements audit process. KPMG had previously reported on the first two stages in their Internal Audit Report 2013/14 submitted to this Committee and the Authority in April 2014. 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 26 September 2014. KPMG had identified one audit adjustment with a value of £2 million. The impact of that adjustment was to increase the net worth of the Authority as at 31 March 2014 by £2 million. The audit had identified three significant audit differences, which were set out in Appendix 3 to the report. The most significant item was in relation to the East Coast and Hertfordshire Control Room project which would be adjusted in the final version of the financial statements. The other two differences relating to finance lease values in the Authority's accounts and interest paid in the Group accounts had not been adjusted. KPMG had raised two recommendations in relation to the matters highlighted above which were summarised in Appendix 1 to the report. The report indicated that although KPMG had made a recommendation last year to improve the year end processes they had, this year, identified the need for a more detailed review which was also raised as a recommendation in Appendix 1. 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 2013/14 ('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 only one minor comment in respect of its format and content which the Authority had agreed to amend. KPMG had also asked for the position of the Annual Governance Statement to be changed so that it supports the accounts, rather than appear as an integral part of the financial statements, as it was not covered by their audit opinion. The report indicated that KPMG was also required to give a statutory VFM conclusion based on the two criteria set by the Audit Commission and that KPMG had concluded that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

A Member referred to the statement that "The Authority has implemented the majority of the recommendations in our ISA 260 Report 2012/13 relating to the financial arrangements." and queried whether KPMG would have expected the Authority to have implemented all the recommendations. Mr Prentice stated that Appendix 2 to the report stated that the Authority had implemented all of the recommendations and that the Appendix summarised progress made. Ms J Rae, KPMG stated that there was a Disclosure Checklist

that could be completed by authorities and would encourage the Authority to use that checklist. Ms Rae reported that over the years there had been a lot of issues but that the situation had improved over time. The Executive Director Service Support/Section 151 Officer stated that his Team was looking at a fundamental rework of the accounts to see whether they are as good as they can be, but recognising that staff do have other workstreams to carry out. Mr Prentice stated that nationally there was a discussion underway about making accounting simpler. A Member referred to Appendix 2 and sought clarification of the issue regarding staff leavers continuing to have inappropriate access rights. The KPMG representatives stated that this problem occurred in other authorities and suggested that through the use of automation changes in payroll information could be automatically notified to IT and others. Ms B Jones, MIAA pointed out that the timeout of passwords meant that passwords should expire over a short period of time. The Chairperson expressed thanks to the Executive Director Service Support/Section 151 Officer and his Team for their work on the accounts.

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

**4609 AUDITED STATEMENT OF ACCOUNTS FOR 2013/14** - 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 2013/14 following the successful completion of the audit of the Authority's 2013/14 Statement of Accounts. In partnership with the Authority's external auditor, KPMG, a small number of corrections to the draft Accounts had been undertaken in order to reach the final version. The majority of those related to the accounting treatment of the East Coast and Hertfordshire Control Room Consortium which reflected the complexities of a 4-way FRS partnership. These were detailed in the 'Report to those charged with governance (ISA 260) 2013/14' referred to in Minute 4608 above. The final version of the Annual Accounts was attached at Appendix 1 to the report. Members were reminded that the draft unaudited Statement of Accounts for 2013/14 had been submitted to the meetings of this Committee on 9 June 2014 and the Authority on 23 June 2014. The outturn position remained that which was reported to those meetings, a £1.468m underspend. The 'Report to those charged with governance (ISA 260) 2013/14' had given an unqualified opinion on the Authority's Accounts for 2013/14 and 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 2013/14 Statement of Accounts. Once approved by the Authority, the draft 'Letter of Representation' attached at Appendix 2 to the report would be duly signed and submitted to KPMG. After the Authority on 26 September 2014 the 2012/13 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 notice would also be placed in the press to inform the public that the 2013/14 audit of Accounts was now closed.

A Member congratulated the Officers on the quality of the accounts and stated that the fact that Members have only asked one question is an indication that they have received sufficient assurance

**Resolved** – That Members of this Committee take assurance from the audited Statement of Accounts for 2013/14.

#### **INTERNAL AUDIT – MERSEYSIDE INTERNAL AUDIT AGENCY (MIAA)**

**4610 Internal Audit Update** – Ms B Jones (Internal Audit - MIAA) submitted a report outlining internal audit activity since the last meeting as follows:

- (i) Assurance Mapping and Evaluation - Further to previous development updates the latest draft iteration of the assurance map had been received by the Authority where it will now be maintained as an organisational tool. The latest version amended that presented to this Committee on 11 July 2014 with alignment to the Board and Directorate Risk Registers to ensure that all assurance sources are captured and that the components of the map are

triangulated with existing records. It also reflected the dates of assurance sources and post titles as well as postholder names, as specifically requested by this Committee. The latest version had been provided in hard copy to the Committee at their workshop of 4 September 2014 so was not attached to the report now submitted. Evaluative comments arising from the assurance mapping exercise had been raised with the Corporate Management Team on 30 June 2014 and also with this Committee on 11 July and served as development points as the tool continues to embed.

- (ii) Committee Workshop - The workshop took place on 4 September 2014 and was facilitated by MIAA and attended by the Chairperson of the Fire Authority for the initial part. The workshop was very interactive and a report on the outcomes had been circulated by MIAA to the Members of this Committee and would now be circulated wider. The Chairperson stated that the workshop had been a very valuable session and that it was good that the Chairperson of the Fire Authority had been present. The Chairperson stated that the work of this Committee was about adding value and expressed thanks to Ms B Jones and her colleagues for organising what was a very focussed workshop and also the post meeting work.
- (iii) Follow-Up of Internal Audit Recommendations - A schedule of internal audit recommendations made by Haines Watts in relation to reviews conducted in 2013/14 was attached at Appendix 1 to the report for information and would be updated when follow-up activity was completed. The schedule did not represent the full list of audits undertaken last year as, for example, the governance structure review contained no recommendations and so was not included. Some recommendations could be followed up as part of undertaking similar jobs in this year's plan whereas others (like the Community Protection Units audits) would require separate contact with responsible officers. The report on commissioning made no recommendations but contained a number of good practice observations which had been included in the attached schedule as they were considered pertinent challenges to pose (especially in the light of a recent Committee comment around where commissioning actually differed to contracting).
- (iv) Internal Audit Plan Progress - The Internal Audit Control Schedule attached at Appendix 2 to the report reflected the recent completion of the assurance mapping exercise and the review of non-allocated support vehicles with the report issued in draft to key officers. When finalised, the report will be submitted to this Committee. Internal audit specifications had been agreed for the following audits within the Finance and Resources category of the plan and are due for commencement:
- Operational Efficiency Programme – Implementation
  - Combined Financial Systems

Scoping meetings had also been held with officers for audits on Performance Management and Business/Community Safety and specifications were in the process of being ratified for review commencement later this month. Audits of performance management and combined financial systems would be undertaken in two parts with some coverage later in the financial year. This Committee had asked for details of agreed internal audit specifications to be made available for Members for information.

- (v) Internal Audit Opinion Categories and Definitions - Agreed opinion and recommendation definitions were presented at Appendix 3 to the report. The standard MIAA approach was deemed to fit the requirements of the service. An indicative graph was included which provided some guidance in how recommendation gradings convert to opinion levels although professional judgement on individual audits may be an overriding factor. The definitions are

included in each audit report and the application of the grading and opinion framework would be considered in detail with the Authority for initial reports prepared to ensure shared clarity and understanding.

A Member asked how much of the Audit Plan covered HFR Solutions. Ms B Jones stated that there was nothing in the plan for this year specifically for HFR Solutions but that she understood that previous auditors had looked at some aspects. The Executive Director Service Support/Section 151 Officer reminded the Committee that external auditors do look at the accounts of HFR Solutions. A Member referred to the Internal Audit Follow-Up Schedule and queried whether there was a process for the Corporate Management Team (CMT) to follow-up any outstanding work. The Executive Director Service Support/Section 151 Officer stated that following the recent disbanding of the internal board structure it was likely that the work that was previously undertaken by the Performance and Risk Board will now be carried out by CMT.

**Resolved** - That the Committee notes the report's outcomes which underpins their role to monitor the effectiveness of the internal control environment.

**4611 SCRUTINY PROGRAMME 2014/15 – SCOPING DISCUSSION RE HR STRATEGY (INCLUDING SUCCESSION PLANNING)** - The Director of Service Support and Director of Commercial Services submitted a report, further to Minute 4580, providing the Committee with information on the Service's Human Resources (HR) Strategy and to act as a stimulus to help determine the areas that the Committee might wish to provide scrutiny over in the future. The report did not provide any great detail but did provide a summary overview of the HR function and current structural arrangements for the provision of HR, as follows:

HR Overview - Following the recent Senior Management Review the responsibility for the delivery of a holistic Human Resources Strategy lies within two areas of responsibility (an Organisational Chart was attached at Appendix 1 to the report):

- People development and training lies under the responsibility of the Director of Commercial Services;
- HR advice to managers and transactional human resources (including industrial relations) is under the responsibility of the Director of Service Support.

People Development and Training - People development and training includes leadership development to assist in succession planning, training of existing staff to acquire new skills and training new staff with the necessary skills to safely undertake their role. People development and training is delivered through a mix of in-house trainers and external providers, including services provided by HFR Solutions.

HR – Advice and Transactional - The transactional and advisory aspects of human resources includes workforce monitoring, payroll and pension administration, occupational health, workforce planning (including recruitment) and the provision of relevant, timely and accurate advice to support managers in their decision making and industrial relations. Transactional aspects of HR are currently provided across a number of Service functions, namely within CPUs, the Human Resources Section, the Finance Section and the Operational Resource Management Team. Related to this is a critical current piece of work to fully understand the Service's HR processes. Over the last nine months Business Process Mapping techniques have been used to fully illustrate the end-to-end transactional processes currently in place and identify areas of rationalisation, gaps and areas for improvement in efficiency and outcome. Whilst this work is still on-going, completed work has led to the creation of improved and more efficient processes supported by guidance for all parties. Moving forward it is the intention to automate many transactions through the development of software solutions which will form the core of the Service's transactional processes. A number of HR functions are currently provided externally, these areas include:

- Occupational Health doctor;
- Complex HR advice;
- Legal advice;
- Payroll administration;
- Pension administration.

A recent example of work supported by external HR advice has been the revision of the arrangements for effective industrial relations, including amended membership and terms of reference for the Service's Joint Consultative Committee.

A discussion ensued regarding the scoping of the review during which questions by Members were answered by Officers.

**Resolved** – That the following aspects of the Service's Human Resources Strategy be scrutinised in more detail at the meeting of this Committee on 2 February 2015:

- The Firewatch HR IT System taking account of the modules in the implementation plan, the support/expertise that has/will be used for implementation and the fit of the project with the Authority's Service Redesign Programme, and
- Succession Planning, including equality of opportunity

**4612 SERVICE PERFORMANCE AND RISK REPORT FOR THE 1ST QUARTER PERIOD APRIL – JUNE 2014** – Group Manager P Hayden referred to Minute 4579 when this Committee had considered the Draft Annual Performance Report 2013/14 and confirmed that changes had been made to report following the comments made by this Committee. Group Manager P Hayden also presented the report submitted by the Corporate Planning & Performance Manager providing information relating to the Service's Performance and Risk Framework and sought the views of the Committee regarding the revised format of the format of the report. The information relating to the Service's Performance and Risk Framework was highlighted in the following summary table:

<b>Section 1 – Strategic Risks</b>	
Reduction in external financial support.	No change in risk.
The likely need to reduce the WDS establishment	No change in risk.
Likely changes leading to commissioned services	No change in risk.
<b>Section 2 – Prevention Performance</b>	
Accidental Dwelling Fires	16.5% better than target.
Other Accidental Fires (exc Vehicles)	23.7% better than target.
Deliberate Primary Fires	28.7% better than target.
Deliberate Secondary Fires	35.3% better than target.
Number of Automatic Fire Alarms	7.3% better than target.
Fatalities	1 fatality against aspirational target of zero.
Injuries	6 injuries against aspirational target of zero.
<b>Section 3 – Response Performance</b>	
First engine response	6.95% better than target
Second engine response	10.98% better than target
<b>Section 4 – Projects Update</b>	
Key projects are reported in this section	
<b>Section 5 – Absence Statistics</b>	
Key data is reported in this section	

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

Members indicated that they welcomed the revised format of the report which provided an overview that was easy to read and acknowledged that Members would be able to obtain further supporting information on request if they should need it. A Member referred to the supporting information that had been circulated separately and commented that Members had previously expressed a wish to receive Sickness Absence information, and also sought clarification regarding the Brough Fire Station Scheme. The Executive Director Service Support/Section 151 Officer gave a brief oral update with regard to progress on the Brough Fire Station Scheme. A Member queried whether an anomaly in the performance in a CPU area could adversely affect service-wide performance targets. GM Hayden replied and assured the Committee that any significant drop in performance will be reported to this Committee.

**Resolved** – (a) That the Committee welcomes the revised format of the report but would wish to see Sickness Absence information included in future reports and that Members note that they may request additional supporting information from Officers on matters arising from the overview report should they require it, and

(b) that the Committee takes assurance as to the Service's proactive approach to performance and risk management.

**4613 HEALTH AND SAFETY REPORT FOR THE 1ST QUARTER PERIOD APRIL – JUNE 2014** - The Director of Operations (South) submitted a report providing information with regard to Health and Safety for the period April to June 2014. Details of Health and Safety courses, incident statistics and on-going issues were set out in Appendix 1 to the report. Since the introduction of the new H&S electronic reporting system (RIVO) in 2013 greater analysis of data was now possible, with additional areas such as road risk now being captured and consequently fully investigated. There had been an increase in 'near miss' reporting compared to the same period in 2013; up by an additional 10. This should be seen as a positive outcome and it was envisaged that this figure will increase following further guidance and tuition to staff from the Health and Safety Section. The Health and Safety Section in conjunction with the Health and Safety Laboratories (HSL) had developed a cultural survey for all staff to complete between July and September 2014 and the findings of this survey will be reported back at a later date. The Health and Safety team were also looking to include a section within future reports covering environmental issues.

A Member stated that the analysis of injuries to firefighters was extremely good and helpful. The Chairperson thanked the officers for an excellent report.

**Resolved** – That that the Committee notes the report and takes assurance as to the Service's proactive approach to Health and Safety.

**4614 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.

**4615 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.

#### **ANY OTHER BUSINESS**

**4616 Mr D Hughes** – The Chairperson reported that this would Mr Hughes last meeting of the Committee and on behalf of Members thanked Mr D Hughes for his many years work for this Committee and the former Standards Committee and for his contribution as a former Chairperson of this Committee.

**4617 Appointment of New Committee Members** – The Chairperson updated the Committee with regard to the appointment of new Members of this Committee and indicated that a report would go to the next meeting of the Authority seeking approval of proposed appointments.

**4618 EXCLUSION OF PRESS AND PUBLIC – Resolved** – That the press and public be excluded from the meeting during consideration of the following items (Minutes 4620 and 4621) on the grounds that they are 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).*

**4619 HFR SOLUTIONS' PERFORMANCE SUMMARY REPORT APRIL – JUNE 2014** - The Director of Commercial Services submitted a report indicating that as agreed previously by the Authority reporting had been restructured to outline the performance of HFR Solutions operations and service delivery within each operating quarter, as well as indicate the quarter's profit and loss statement and therefore the report now submitted covered the following four main areas of activity: Business; Training, Community, and Risk or the period April to June 2014. The report also included the HFR Solutions Business Plan priorities update (Appendix 1 to the report) and also the profit and loss statement for the quarter Appendix 2).

The Committee asked questions on the content of the report which were answered by Officers. A Member asked whether Members of this Committee were permitted to attend as observers Board Meetings of HFR Solutions. The Director of Commercial Services stated that he would enquire and report back.

**Resolved** – (a) That this Committee takes assurance from the report that:

- (i) HFR Solutions continues to develop as a successful business, which is capable of effectively supporting Humberside Fire & Rescue Service's service delivery requirements, across both business and residential communities of the area, and
- (ii) the key priorities of the Business Plan are effectively being managed to meet the strategic outcomes of the business (Appendix 1 to the report).

(b) that it be noted that the Director of Commercial Services will report to the next meeting clarifying whether Members of this Committee may attend Board Meetings of HFR Solutions as observers.

**4620 SCRUTINY PROGRAMME 2014/15 – SCOPING DISCUSSION RE HFR SOLUTIONS – DRAFT BUSINESS PLAN** - The Director of Commercial Services submitted a report giving the Committee the opportunity to consider the contents of the draft version of the revised draft Business Plan for HFR Solutions (CIC) attached at Appendix 1 to the report. The plan had not yet been approved by the HFR Solutions Board. The document provided much of the information requested by the Committee for the scrutiny report to the October 2014 meeting. The Committee was asked to note the contents of the report and highlight any further information that is required for the October 2014 meeting in order that the scrutiny role can be effectively undertaken at that time.

The Chairperson stated that the Committee would wish to exercise its scrutiny role in respect to:

- Sustainability of the company e.g. understanding the marketplace and Succession planning;
- Improving commercial awareness;
- Service Delivery

and would propose that Members meet with Officers after this meeting to identify workstreams that can be looked at with Officers and report back. In terms of the scrutiny process and reporting back it was suggested that there might not be a further report to the October 2014 meeting of this Committee but that the final version of the Business Plan of HFR Solutions would be reported back to Committee. The Committee asked questions on the content of the report which were answered by Officers.

**Resolved** – That the final version of the Business Plan of HFR Solutions would be submitted to a future meeting of the Committee

*Meeting closed at 11.45 a.m.*

