

**HUMBERSIDE FIRE AUTHORITY**  
**GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE**

**30 JANUARY 2017**

**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.

Councillor Briggs attended as an observer.

Monitoring Officer/Secretary, Director of Service Support, Director of Emergency Response, Finance Manager, Human Resources Manager, Corporate Planning and Performance Manager, Committee Manager and Ms J Rae (External Audit – KPMG) and Mrs B Boyes (Internal Audit - MIAA) were also present.

An apology for absence was submitted 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 Councillor Briggs and all others present who were observing the meeting.)*

**PROCEDURAL**

**5332 DECLARATIONS OF INTEREST** – There were no declarations.

**5333 MINUTES – Resolved** – That, subject to the insertion in Minute 5277 (Internal Audit Update) of the words “internal audit” after the word “potential” in the final line of the preamble to the minute, the minutes of the meeting of the Committee held on 31 October 2016 having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chairperson.

**5334 MATTERS ARISING FROM THE MINUTES, OTHER THAN ON THE AGENDA** – There were no matters.

**GOVERNANCE**

**5335 UPDATE: MATTERS ARISING/FEEDBACK FROM FIRE AUTHORITY** – The Monitoring Officer/Secretary submitted a report summarising the consideration given by the Authority at its meeting on 9 December 2016 to the draft minutes of the meeting of the Committee held on 31 October 2016 and also providing feedback on other items considered by the Fire Authority at its meetings on 21 October, 11 November (Special Meeting) and 9 December 2016.

**Resolved** – That the report be noted.

**SCRUTINY PROGRAMME**

**5336 SCRUTINY PROGRAMME 2017/18 ONWARDS – POTENTIAL SCRUTINY TOPICS – DISCUSSION** – Further to Minute 5277 of the Committee held on 31 October 2016 the Monitoring Officer/Secretary reported that he was not aware of any scrutiny topics that had come forward from the Authority/Corporate Management Team. The Chairperson reiterated the Committee’s previously expressed view that Members would welcome scrutiny topics from the Authority/Service where it is considered that the Committee can lend assistance. The Chairperson also stated that in view of ongoing discussions regarding the involvement of the Police and Crime Commissioner for Humberside in the work of the Authority this matter might be held in abeyance until the PCC situation becomes clearer.

**Resolved** – That it be a recommendation to the Authority that this Committee would welcome scrutiny topics from the Authority/Service where it is considered that the Committee can lend assistance but that in view of ongoing discussions regarding the involvement of the Police and Crime Commissioner for Humberside in the work of the Authority this matter might be held in abeyance until the PCC situation becomes clearer.

**5337 SCRUTINY PROGRAMME 2016/17 – MEMBERS’ ALLOWANCES** – The Chairperson invited Mr C Vertigans, on behalf of the Member Sub-Group (comprising Mr Doyle, Mrs Thomlinson and Mr Vertigans (Lead Member), to present the scrutiny findings and recommendations in the Sub-Group’s report following the scrutiny of the allowances paid to Members under the Authority’s Members’ Allowances Scheme attached at Appendix A to the report. Whilst undertaking the review the Sub-Group had also reviewed the role and responsibility of the Vice-Chairperson of the Fire Authority. Consideration had not been given in the review to the most appropriate number of Members to sit on the Authority. However, the Sub-Group suggested that this was a piece of work that must be considered by the Authority in the near future to maximise efficient working in preparation for the undoubted changes ahead, both structural and financial. The report indicated that Information had been sought from nineteen other Fire and Rescue Authorities to allow comparison with the Humberside Fire Authority allowances for Members, Vice-Chairperson and Chairperson as set out in the Table in paragraph 2 of the report. Discussion had also taken place with the Chairperson of the Authority and the Monitoring Officer/Secretary and the Sub-Group thanked them for their time and contribution. The Sub-Group had also looked at roles and the total allowance spend for 2015/16 as set out in Appendix B to the report and had concluded:

- The financial comparison highlights differences between Humberside Fire Authority (HFA) and the other nineteen Fire Authorities. We do not have information on roles and responsibilities so direct comparisons other than financial are difficult to justify. However, it is important that the HFA reviews the number of Members, their roles and responsibilities to show it is ahead of changes coming, whether planned or imposed, and continues to give the communities it serves value for money.
- The role of the Vice-Chairperson has to change. This should be discussed with the Chairperson with a view that he is properly supported in these challenging times and the HFA can take reassurance that succession planning is incorporated.
- The allowance for the Chairperson is below the considered average and the HFA may wish to consider this at annual review.

**Resolved** – That the following recommendations from the scrutiny review be recommended to the Fire Authority:

1. The current basic Members’ Allowance remains the same until the average of other fire Authorities climbs nearer the Humberside Fire Authority figure.
2. The role and effectiveness of the Vice-Chairperson should be clear to all Members.

## **AUDIT**

**5338 PUBLIC SECTOR AUDIT APPOINTMENTS (PSAA) – REPORT ON THE RESULTS OF AUDITORS’ WORK 2015/16: LOCAL GOVERNMENT BODIES** – The Finance Manager submitted a report published by Public Sector Audit Appointments Limited (PSAA) on the results of auditors’ work at local government bodies covering the 2015/16 financial year. The Finance Manager drew Members’ attention to page 36 which indicated that the Authority was one of only seven Fire and Rescue Authorities to have received an unqualified opinion on the accounts for 2015/16 by 31 July 2016 and expressed his thanks to Ms J Rae and KPMG for their assistance in attaining this achievement.

**Resolved** – That the report be noted.

**5339 MANAGEMENT ACCOUNTS TO 31 DECEMBER 2016** - The Finance Manager submitted a report highlighting the current financial position based on information to 31 December 2016. The end of year projections for the revenue budget, the capital programme and the pensions account were as follows:

<u>Category</u>	<u>2016/17 Outturn Projection</u>
HFA	
Revenue Budget	£1.165m underspend
Capital Programme	£7.1m expenditure against £9.426m allocation
Pensions Account	£12.833m deficit

The report indicated that the remaining reporting cycle frequency for the Management Accounts for 2016/17 will be as shown in the table below:

<u>Period Ending</u>	<u>Authority Meeting</u>
28 February 2017	17 March 2017

Members asked questions seeking clarification of aspects of the accounts and particularly regarding underspend on revenue expenditure, the projected, completion dates of capital schemes and Pension top-up grant payments which were answered by the Finance Manager.

**Resolved** – That Members take assurance from the report and the Authority's financial position for the period ending 31 December 2016.

**5340 TREASURY MANAGEMENT MID-YEAR UPDATE REPORT 2016/17** – The Finance Manager submitted a report providing an update on the Authority's treasury management activities for the first half of the financial year 2016/17. The Authority on 18 March 2016 had approved the annual Treasury Management Policy Statement and agreed a range of Prudential Indicators as set out in Appendix 1 to the report, aimed at ensuring effective treasury management and affordability of capital plans (Minute 5064 refers). The report ensured compliance with recommended practice as outlined in the Chartered Institute of Public Finance and Accountancy (CIFPA) Code of Practice on Treasury Management 2009 by providing Members with an update on treasury management undertaken since the beginning of the financial year and highlighting key Prudential Indicator information. During the period April to September 2016, the Authority had operated wholly within the limits approved. The report had previously been considered by the Authority at its meeting on 9 December 2016 (Minute 5296 refers).

**Resolved** - That Members note the treasury management activities undertaken during the first half of 2016/17 and the Prudential Indicators as outlined in paragraphs 16 and 17 and detailed in Appendix 1 to the report now submitted.

**5341 2016/17 ANNUAL ACCOUNTS CLOSEDOWN TIMETABLE** - The Finance Manager submitted a report indicating that the Fire Authority was required by statute to produce accounts on an annual basis and including the timetable to ensure the Authority produces accounts for 2016/17 on an efficient and timely basis. The Authority must make available for audit its draft (signed by the Section 151 Officer) Annual Accounts by 30 June 2017 and the aim was to produce the Final (Audited) Annual Accounts that have been approved by the Fire Authority by 31 July 2017 (as for 2015/16).

**Resolved** - That the Committee take assurance that the Fire Authority has robust plans in place to produce the Annual Accounts by the required deadlines.

**5342 NON-PAY ZERO BASED BUDGETING** – The Finance Manager submitted a report indicating that the Corporate Finance and Procurement Section had co-ordinated a zero based budgeting exercise involving all budget holders during the Summer/Autumn of 2016 which involved reviewing all non-pay transactions from the 2015/16 financial year. Budget Holders were asked to categorise each transaction (which could be different items on a single invoice) into one of 5 categories (Legally required, Contractual Commitment, Corporate Budgets, Discretionary Spend and Funded Discretionary Spend). During the four previous financial years over £1.1m had been removed from the Authority's non-pay budgets. The non-pay zero based budgeting exercise referred to in the report had been a further comprehensive review to ensure all lines had been examined thoroughly. In order to complete the non-pay zero based budgeting exercise a significant amount of input and support was requested from Budget Holders who were thanked for their input. Further analysis of the Discretionary spend had been completed and a breakdown of the spend formed part of the report.

Members asked questions seeking clarification of various aspects of the report and the Service's approach to zero based budgeting which were answered by the Finance Manager and Director of Service Support.

**Resolved** - That the data summary and analysis attached to the report now submitted provides assurance that the Authority's non pay budgets are of an appropriate level and that Budget Holders understand the budgets they are responsible for.

**5343 CAPITAL EXPENDITURE – PROGRAMMING CAPITAL SCHEMES** – The Director of Service Support submitted a report, further to the Committee's request for a report into capital expenditure for the financial year 2016/17 (Minute 5281 of the meeting held on 31 October 2016 refers). The report included a summary of spend for the year and any predicted slippage into 2017/18. Actual and committed spend to 31 December 2016 was £5.439m in total for the 2016/17 capital programme. The report indicated that Service policy required officers to identify capital expenditure for the upcoming financial year as part of the budget planning process, approval was then sought from the Authority. In all cases the full budget allocation for each area of spend was allocated in line with best practice guidelines. That ensured that the full cost associated with the area of spend was appropriately identified and ring-fenced, providing a high degree of transparency. In most cases the full budget allocation for each area of spend will be fully utilised in year but in certain circumstances it was necessary to carry over some/all of the allocation into the next financial year. Typically that would be a result of contractual arrangements where larger schemes extend beyond the financial year in which the initial allocation was agreed or additional unforeseen factors needed to be considered. Notwithstanding the need to allocate spend as detailed above where schemes bridge financial years it was extremely difficult to accurately predict the proportion of spend necessary for each year and allocate funds accordingly. Members' attention was drawn to the summary sheet which indicated that five such areas of spend will be carried over to 2017/18 either in full or part for the reasons detailed in the report. The capital allocation of funds for 2017/18 onwards was approved at the December 2016 meeting of the Fire Authority. The Medium Term Financial Plan and upcoming budget for 2017/18 were subject to approval at the February 2017 meeting of the Authority.

Members asked questions seeking clarification of aspects of the report and in particular the schemes at Clough Road, Hull and at Howden and also the Information Technology scheme which were answered by the Director of Service Support.

**Resolved** - That the Committee notes the report and takes assurance that capital expenditure is appropriately managed.

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

**5344 EXTERNAL AUDIT PLAN 2016/17** – Ms J Rae (KPMG) submitted an audit plan setting out the work that the External Auditor proposed to undertake for the 2016/17 audit. The audit team would discuss and agree reports with officers before issuing them to the

Governance, Audit and Scrutiny Committee and the Fire Authority in line with the following timetable:

<u>Planned Output</u>	<u>Indicative Date</u>
External Audit Plan	February 2017
Interim Report (if necessary)	April 2017
Report to Those Charged with Governance (ISA 260 Report)	July 2017
Annual Audit Letter	September 2017

The report included a table showing the planned attendance of KPMG representatives at meetings of the Committee and the Authority and indicated that the audit fee did not permit attendance at all scheduled meetings in the year. Mrs Rae drew Members' attention to the audit fee for 2016/17 which would be (£31,897) the same as for 2015/16. The Audit Plan would be submitted to the next meeting of the Authority for approval.

**Resolved** – That the Audit Plan 2016/17 be noted.

**5345 EXTERNAL AUDIT TECHNICAL UPDATE AND PROGRESS REPORT** - Ms J Rae, External Audit (KPMG) submitted a report providing a high level overview on progress in delivering KPMG's responsibilities as external auditors. The report indicated that at the end of each stage of the audit KPMG issued certain deliverables, including reports and opinions. A summary of progress against those deliverables was provided in Appendix 1 of the report. The report drew attention to the following which were part of KPMG's resources:

- Value of Audit – Perspectives for Government
- Chief Accountant training events
- Inspiring innovative government
- The Future of Cities
- Reimagine- Local Government

The report also highlighted the main technical developments that were currently having an impact in local government.

**Resolved** – That the report be noted.

#### **INTERNAL AUDIT (MIAA)**

**5346 Internal Audit Update** – Mrs B Boyes (Internal Audit - MIAA) submitted a report providing a progress update in the delivery of the internal audit plan for 2016/17 as approved by the Fire Authority on 18 March 2016 as follows:

Internal Audit Plan Progress - The Internal Audit Control Schedule attached at Appendix 1 to the report provided a strategic overview and profiled timeline for agreed internal audit reviews:

- The review of Risk Management was complete and had included the facilitation of 2 workshops with the Corporate Management Team (CMT) and Technical Management Team (TMT). The first workshop evaluated a survey designed to gather and assess evidence around the effectiveness of risk management and gauge embeddedness. The second workshop provided a platform for the identification and review of strategic risks and the process for risk articulation, scoring and management. The review assessed the 'embeddedness' of the Authority's risk management arrangements as 'risk defined' (*the organisation has considered risk management and put in place strategies led from a risk management team. Strategy and policies in place and communicated. Risk Appetite defined*) which provided a baseline against which risk maturity developments can be planned and delivered. Key areas for improvement had been recommended to officers around increased

emphasis on opportunity management, refresh of the Strategic Risk Register, streamlining and refresh of risk policy infrastructure and affirmation of organisational reporting and accountability in relation to risk management. The full report was attached at Appendix 2 to the report.

- The Strategic Planning review had also been finalised and was attached at Appendix 3 to the report. The review considered the processes for developing and reviewing strategic plans and how those were aligned with financial planning, performance and risk management. The review identified the need for current arrangements to be refined and enhanced in respect of the three areas identified in the report.
- The Business Continuity review was at draft report stage. The review was designed to provide assurance around the design and operation of arrangements to counteract interruptions to business activities and to protect critical business processes from the effects of major failures or disasters. The review considered the identification of critical corporate business processes and recovery plans and timescales, testing arrangements and learning outcomes. The review identified the need for current arrangements to be updated and enhanced in respect of the three areas identified in the report.
- Work on counter fraud was also in progress to review the organisation's arrangements for the mitigation and identification/investigation of fraud, bribery and corruption against national guidance and recommended practice.
- The review of Service Improvement had commenced and will review the effectiveness and embedding of project and governance arrangements around value for money schemes and service improvement and will evaluate the arrangements for monitoring and assessing outcomes from projects and schemes set to deliver financial savings. Specific focus would be on the outcome monitoring of the Transactional Administration Review with alignment of Internal Audit activity to the Service's internal Post Implementation Review through a user survey to obtain feedback on the change project and the new arrangements. The agreed survey questions were listed in the report.
- Work to independently follow up previous Internal Audit recommendations was ongoing and Internal Audit was liaising with Corporate Planning and Performance to establish a management follow up process. Reviews planned for delivery in the final quarter of the financial year (combined financial systems and workforce) had been scoped. The review of combined financial systems was annual with a cyclical review of functional areas which will be Accounts Payable, Treasury Management and Capital Programme. The agreed focus of the workforce review had been discussed with the Director of HR and a maturity matrix approach agreed. All assignments will be completed by the end of the financial year to allow for overall conclusions (reported through the Internal Audit Annual Report) to be reflected in the Authority's Annual Governance Statement.

Internal Audit Plan 2017/18 - Following the completion of the three year strategic plan in 2016/17, future activity for 2017/18 and 2018/19 needs to be agreed. Appendix 4 to the report set out the proposed areas of coverage along with details of actual coverage in the last 3 years as context. Comments were invited from the GAS Committee in advance of Authority approval in March 2017.

Members asked questions seeking clarification of various aspects of the report which were answered by Mrs B Boyes and the Finance Manager.

**Resolved** – (a) That the Committee notes the progress and outcomes against the 2016/17 Internal Audit Plan as set out in Appendices 1, 2 and 3 to the report, and

(b) that the Corporate Management Team comments on Internal Audit coverage in 2017/18 and 2018/19 as set out in Appendix 4 to the report.

## **PERFORMANCE, RISK AND PROGRAMME MANAGEMENT**

**5347 ABSENCE MANAGEMENT – PROGRESS REPORT** – The Human Resources Manager presented a report by the Director of Human Resources which was the first of the regular updates requested by Members on the performance and progress of the management of sickness absence. The report had previously been submitted to the meeting of the Fire Authority on 9 December 2016 (Minute 5300 refers). The report detailed data for the current financial year up to 31 October 2016, as well progress against target, and also described progress with regards to the roll out of the new Absence Management policy and the development of sickness absence “clinics” across the Service to support and encourage regular and reliable attendance at work. With regard to data management the report reminded Members that at the meeting of the Authority on 21 October 2016 Members had agreed an adjusted target for sickness absence for the Retained staff group, following an explanation that absence for that group was recorded based on a full 24 hour period rather than the hours in a day that an individual would be required to be available. It was also decided at that meeting that a regular report detailing the position with regard to absence would be brought to each Authority meeting. Table 1 at paragraph 6 of the report outlined the current picture with regard to actual absence and performance against target as at 31 October 2016 and showed that all staff groups had exceeded the year to date target which had been calculated as described. The data attached in Appendix 1 to the report described the sickness absence data by staff group (except Control), reason for absence and the split between long-term and short-term absence.

With regard to areas for focus the report stated that the data in Table 1 in the report clearly showed that all staff groups were above target for the year to date. It was noted though, that the strategies described in the report which was agreed by the Authority in October 2016, such as the launch of sickness absence clinics, and the development of a robust skill set in the Human Resources Directorate in order to better support managers, would take time to achieve and also time to be reflected as a substantial effect on the figures produced. It was clear from the data in Appendix 1 to the report that there continued to be a significant issue relating to Mental Health/Anxiety/Depression, which remained the highest reason for absence for the Service as a whole, and for wholetime and support staff. However, for retained staff, the main reasons for absence continued to be Musculo-skeletal Knee and Cardiovascular Other, which, arguably, could be connected to the increasing age profile of that group of staff. A significant issue which was clear from the data was that of the split between short-term absence and long-term absence, as the latter now accounted for over 77% of all sickness in the Service. However, this was a decrease on position from the August 2016 data, where over 80% of all absence was long-term. This was detailed by staff group in Table 2 at paragraph 12 of the report. The report also outlined progress in rolling out the new Absence Management policy across the Service and other activities related to absence.

Members asked questions seeking clarification of various aspects of the report which were answered by the Human Resource Manager.

**Resolved** - That Members note the content of the report and take assurance from the development of the Service’s approach to the fair and effective management of absence and absence reporting.

**5348 SERVICE PERFORMANCE AND RISK REPORT - 2ND QUARTER PERIOD JULY–SEPTEMBER 2016** - The Corporate Planning & Performance Manager submitted a report providing information relating to the Service’s Performance and Risk Framework which was highlighted in the report highlights summary table and Appendix 1 to the report: The report had previously been submitted to the meeting of the Fire Authority on 9 December 2016 (Minute 5304 refers). Further detailed information was contained within Appendix 1 to the

report and also the supporting information published alongside the Agenda papers for this meeting on the Authority's website.

Members asked questions seeking clarification of aspects of the report regarding the number of fatalities from fires; the Incident Command Centre software supplier support, and the Peer Group Review by Staffordshire Fire and Rescue service which were answered by the Corporate Planning & Performance Manager. A Member referred to the recent visit by the Fire Service to St Andrews Primary School, Kirk Ella which had been very well received.

**Resolved** – That the Committee take assurance as to the Service's proactive approach to performance and risk management.

**5349 HEALTH, SAFETY AND ENVIRONMENTAL QUARTERLY REPORT - 2ND QUARTER 2016-17 - JULY-SEPTEMBER 2016** - The Director of Service Support submitted a report providing information with regard to Health, Safety and Environmental outcomes for the 2nd Quarter Period July – September 2016. The report had previously been submitted to the meeting of the Fire Authority on 9 December 2016 (Minute 5305 refers). The general performance in this area remained consistent with most areas showing improvement against the same period last year with the exception of Routine Activities which had shown a significant increase. A summary of statistical data was attached in Appendix 1 to the report and supplementary information was published alongside the Agenda papers for this meeting on the Authority's website.

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

**5350 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.

**5351 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.

**5352 ANY OTHER BUSINESS** – The following matters were briefly discussed:

- Meeting with Director of Public Safety – The Chairperson reported that he had met with Mr Shillito on 5 December 2016 to discuss the role of the GAS Committee. The Chairperson stated that it had been a really positive meeting and expressed his thanks to Mr Shillito for his time.
- Joint Police Funding Bid – The Chairperson referred to the recent report in Siren regarding a successful bid and stated that he would appreciate being emailed the detail surrounding the bid.
- Committee Timetable of Meetings 2017/18 – The Chairperson stated that Members felt that the gap between this meeting and the previous meeting (October 2016) was too long and suggested that an additional meeting be included in the timetable for 2017/18.

*Meeting closed at 12.07a.m.*