

HUMBERSIDE FIRE AUTHORITY
GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE

15 JUNE 2018

PRESENT: Independent Co-opted Members Mr A Smith, Mrs M Thomlinson and Mr C Vertigans

Councillor Briggs attended as an observer.

Director of Emergency Response, Director of Human Resources, Director of Public Safety, Executive Director Service Support/Section 151 Officer, Monitoring Officer/Secretary, Head of Corporate Assurance, Head of Finance, Committee Manager and Mr K Lloyd ((Internal Audit - MIAA) were also present.

Apologies for absence were submitted from Mr M Allingham, Mr D Chapman, Mr J Doyle and Mrs P Jackson.

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

(The Monitoring Officer/Secretary took the Chair for the following items (Minutes 5833 and 5834).

PROCEDURAL

5833 APPOINTMENT OF CHAIRPERSON – The Monitoring Officer/Secretary submitted a report on the appointment of a Chairperson for 2018/19.

Resolved – That Mr D Chapman be appointed Chairperson of this Committee until the Annual General Meeting of the Humberside Fire Authority in 2019.

5834 CHAIR – In the absence of Mr D Chapman the Monitoring Officer/Secretary invited the Committee to appoint a Chairperson for this meeting.

Resolved – That Mr C Vertigans be appointed Chairperson for this meeting.

(Mr Vertigans took the Chair and welcomed all who were observing the meeting.)

5835 DECLARATIONS OF INTEREST - No declarations were made in connection with any of the items to be considered at the meeting.

5836 MINUTES – **Resolved** – That, subject in Minute 5778 (Scrutiny Programme 2017/18 – Review of Business Continuity- Outcomes Report) to the inclusion of the name of ‘Mr Vertigans’ after the name of ‘Mr Smith’ in the third line of the preamble, the minutes of the meeting of the Committee held on 9 April 2018 having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chairperson.

5837 MATTERS ARISING FROM THE MINUTES, OTHER THAN ON THE AGENDA – There were no items.

GOVERNANCE

5838 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 23 April 2018 to the draft minutes of the meeting of the Committee held on 9 April 2018 and also providing feedback on other items considered by the Fire Authority at its meetings on 23 April and 4 June 2018.

Resolved – That the report be noted.

SCRUTINY PROGRAMME

5839 SCRUTINY PROGRAMME 2018/19 – UPDATE – The Monitoring Officer/Secretary reported orally, further to Minute 5780, that the following items had been suggested by the Corporate Management Team as areas for scrutiny by this Committee in 2018-19:

- Benefits Realisation - from Service Redesign Programme.
- Effectiveness of the Cost recovery Model – Emergency Medical Response

Resolved – (a) That the report be received and that the Committee defers until the next meeting the scheduling of the scrutiny topics into the previously approved Committee Workstreams/Scrutiny Programme 2018/19 (Minute 5780 refers), and

(b) that details of the previously approved programme be circulated to Members of this Committee prior to the next meeting.

5840 SCRUTINY PROGRAMME 2017/18 – REVIEW OF BUSINESS CONTINUITY – AGREED MANAGEMENT ACTIONS - Further to Minute 5778 the Director of Emergency Response submitted a report setting out the Management response to the scrutiny review of Business Continuity Management (BCM) arrangements within the Service. The overall objective of the review was to provide assurance with respect to the design and operation of the Service's BCM arrangements and that they are in place across the organisation. The report set out the review objectives; the findings of the review, and the Scrutiny Sub-groups' recommendations together with a Management response to those recommendations.

A Member sought clarification with regard to matters relating to recommendation 8 (Control Room Employment Contracts). The query was answered by the Director of Emergency Response and the Director of Human Resources. The Chairperson stated that the report was a comprehensive well documented response on the review outcomes which would serve as a template for future review reports. The Director of Human Resources referred to page 31 of the report and stated that the reference to HR Manager as an Officer responsible for action should be amended prior to the report being submitted to the Fire Authority.

Resolved – That, subject to the amendment to the Officer title on page 31, the report be approved by this Committee and referred to the next meeting of the Fire Authority.

AUDIT

5841 INTERNAL AUDIT UPDATE – Mr K Lloyd (Internal Audit - MIAA) submitted a report providing a progress update on the delivery of the Internal Audit Plan for 2018/19 as approved by the Fire Authority on 16 March 2018. The 2018/19 Internal Audit activity was attached at Appendix 1 to the report which provided a strategic overview and profiled timeline for agreed reviews (Appendix 1). The report also provided details of work in progress (Section 3); the categorisation of assurance levels and risk ratings (Appendix 2), and confirmed performance against plan (Appendix 3).

The Chairperson asked Mr Lloyd to circulate to Members of this Committee in advance of the next meeting the terms of reference for the 3 internal audit reviews that had been agreed so far and also invited Mr Lloyd to meet with Members prior to the meeting to discuss the documents.

Resolved – (a) That the Committee notes the Internal Audit progress against the 2018/19 Plan as set out in Appendix 1 to the report, and

(b) that copies of agreed terms of reference for the 3 audit reviews now referred to be circulated to Members of this Committee prior to the next meeting.

5842 ANNUAL STATEMENT OF ACCOUNTS 2017/18 - UNAUDITED - The Head of Finance submitted a report containing the Authority's full unaudited Statement of Accounts for 2017/18 as set out in Appendix 1 to the report and also highlighting the key aspects of revenue and capital outturn for the year. The accounts covered by the report were subject to audit by KPMG in their role as the Authority's external auditor. The draft unaudited Statement of

Accounts for 2017/18 was published on the Authority's website on 21 May 2018 which was an excellent achievement. The intention was that the audited Statement of Accounts will be approved by the Fire Authority by 31 July 2018. The outturn position for the revenue budget for 2017/18 was a £11k underspend which compared well to the period 11 end of February 2018 projection in the Management Accounts of a £57k underspend. The full schedule of variances was set out in more detail in the Statement of Accounts at Appendix 2 on page 80. The outturn for the Capital Programme showed a spend of £3.322m as detailed in Appendix 3 on page 82 of the Annual Accounts. The report identified twelve projects that had not been completed in 2017/18 and for which it was proposed that the capital allocations be re-phased into the 2018/19 Capital Programme. Table 1 in paragraph 6 to the report showed overall revenue reserves of £9.870m at 31 March 2018 and some recommended movements in reserves to be effected from 1 April 2018. The Authority had worked hard in recent years to deliver a sound level of reserves. This was particularly important against the uncertain financial backdrop for 2019/20 onwards.

In terms of key financial indicators the report indicated that against the backdrop of significant austerity (the Authority's external financing from Government had been reduced by £11.5m over the period 2011/12 to 2019/20 as well as a 5 year freeze in the precept/council tax between 2011/12 and 2015/16), and drew attention to the following key financial indicators as set out in the table below:

<u>Key Indicator</u>	<u>2012/13</u> <u>actual</u>	<u>2013/14</u> <u>actual</u>	<u>2014/15</u> <u>actual</u>	<u>2015/16</u> <u>actual</u>	<u>2016/17</u> <u>actual</u>	<u>2017/18</u> <u>actual</u> <i>(unaudited)</i>
Capital Financing Requirement (CFR)	£17.7m	£16.6m	£15.6m	£16.1m	£14.5m	£14.7m
Long-term Borrowing (PWLB) (excluding leases)	£18.6m	£17.7m	£16.6m	£15.3m	£14.5m	£14.7m
Revenue Outturn	£2.1m underspend	£1.5m underspend	£1.3m underspend	£1.2m underspend	£1.1m underspend	£0.011m underspend
Total Revenue Reserves	£18.6m	£17.3m	£16.1m	£15.1m	£10.5m	£9.9m

The report stated that fundamentally the Authority's underlying position is sound. The Capital Financing Requirement (CFR) (the Authority's underlying need to borrow for a capital purpose) had decreased by £3m over the period since 2012/13. This showed the CFR stabilising on a downward trend over the period 2012/13 to 2017/18. The recommended movements in reserves in Table 1 showed further resources directed towards the capital programme which will stabilise the CFR further in line with the reducing financial size of the Authority due to austerity. The revenue outturn underspend was lower than in the previous year. The Authority's budget was balanced for 2018/19. 2019/20 onwards will require careful monitoring given that the Government's austerity programme is likely to continue beyond 2020.

In conclusion the report captured the financial impact of the Authority's activities during the 2017/18 financial year. The picture was one of robust finances despite the austerity that had been in place over the period 2011/12 to 2017/18. Judicious use of reserves had ensured that key investment projects had been undertaken. The financial challenges will continue over the period 2019/20 onwards and the Authority is well placed to meet these challenges.

A Member referred to the apparent inconsistency in the amount of slippage in the Capital Programme as referred to on pages 41 and 126 of the report. The Head of Finance explained the reason for the differing amounts reported and agreed with Members that it would be helpful to include an explanatory note in the report. A Member also referred to Table 1 on page 41 and the text regarding the amount of impairment on page 90 of the report and suggested that the formatting style for the amounts shown in Table 1 was not particularly reader friendly. The Head of Finance stated that he would take on board the comments made. A Member also referred to the page 42 of the report with regard to the allocation of reserves for The Ark – National Flood Resilience Centre project and queried whether, as previously suggested by this Committee, a revised Business Case had been submitted to the Authority as the original one had changed (Minute 5752 of the Committee held on 5 March 2018 refers). The Director of Emergency Response stated that a report was probably due for the July 2018 meeting. The Chairperson referred to the percentage underspend on capital projects and queried whether project management was right for the Capital Programme. The Head of Finance explained that the underspend was significantly less than in the previous year and that following the merger in April 2018 of the Fire Service and the Police Estates units there would be increased resilience, and also reminded Members that a report had been submitted to the Authority in December 2017 presenting a re-phasing of the Capital Programme. A Member also sought clarification regarding the significant decrease in the reported value of assets which was explained by the Head of Finance.

Resolved - That Members take assurance from the accounts presented.

5843 TREASURY MANAGEMENT ANNUAL REPORT 2017/18 – The Head of Finance submitted a report providing a review of the Authority's Treasury Management activity and Prudential Indicators for the year 2017/18 in line with the Chartered Institute of Public Finance and Accountancy (CIFPA) Code of Practice 2009. The report showed full compliance with the Authority's Prudential Indicators for 2017/18. Appendix 1 to the report detailed the agreed Prudential Indicators for 2017/18 and the actual figures for 2017/18. During the financial year the Authority had operated wholly within the limits approved. The report stated that the Section 151 Officer considered the current capital programme to be affordable and sustainable with the revenue effects of capital investment built into the Medium-Term Financial Plan (MTFP). Through the MTFP process, the Authority had aligned its resources to key strategic priorities. With regard to Treasury Management the report indicated that based on the Operational Boundary definition, external debt at 31 March 2018 was £7.5m below the agreed Operational Boundary for 2017/18 and the maturity structure for both borrowing and investments remained within the approved upper and lower limits. Subsequent borrowing or re-scheduling during 2018/19 would take in to account prevailing interest rates on offer from the Public Works Loans Board, the current maturity structure of loans, balanced with the need to reduce capital risk by keeping down cash-balances.

Resolved - That Members take assurance from the Treasury Management activities undertaken during 2017/18 and the Prudential Indicators as outlined in paragraphs 12 and 13 and detailed in Appendix 1 to the report.

5844 DRAFT ANTI-FRAUD AND CORRUPTION STATEMENT FOR 2017/18 - The Head of Corporate Assurance presented a joint report by the Head of Finance and himself reminding Members that an Internal Audit review of Counter Fraud Arrangements was conducted during the third quarter of 2016/17. The review examined the arrangements in place for dealing with any issues concerning countering fraud, bribery and corruption that might arise within the Fire Authority. That included that key policies were in place to embed those arrangements, the promotion of good governance and principles of ethical behaviour/probity, procedures for dealing with allegations of fraud, bribery or corruption, staff awareness of the potential for criminal acts and how concerns might be reported, and also any measures taken to promote fraud prevention and increase deterrence against potential frauds. The outcomes of the review, including a number of recommendations and agreed actions, were reported to the Committee on 10 April, 2017 (Minute 5430 refers). A specific recommendation was received that 'The Chief Fire Officer and Chief Executive should make a formal statement of the Fire Authority's commitment to anti-fraud, bribery and corruption measures and publish the

statement on the official website'. The arising draft statement, based upon the Audit Commission checklist for Councillors and others responsible for governance, was included at Appendix A. to the report. The report reminded Members that building on last year's initial publication of the formal statement, GAS Committee Members had conducted a scrutiny of associated policies and procedures during 2017/18, reporting outcomes to the GAS Committee meeting on 9 April 2018. The scrutiny report echoed previous internal audit report findings that the policies and procedures in place manage the risks appropriately across the organisation.

Resolved – That this Committee recommends the draft Anti-Fraud and Corruption Statement for 2017/18 to the Fire Authority for approval.

PERFORMANCE, RISK AND PROGRAMME MANAGEMENT

5845 COMPARATIVE/BENCHMARK DATA - NATIONAL SICKNESS STATISTICS - The Director of Human Resources referred to Minute 5789 and submitted a copy of the National Fire & Rescue Service Occupational Health Performance Report for the period April to December 2017 that had been prepared by Cleveland Fire Brigade. The Director of Human Resources drew attention to the performance of Humberside Fire & Rescue Service and stated that there whilst there were some areas where the Service was slightly above the national average overall the Service performance was in the mid-range nationally. The Director of Human Resources advised caution when reading the statistics due to the difficulties in extrapolating data from many sources but nevertheless acknowledged that they did serve as a useful guide. The Director of Human Resources reminded Members that a copy of the report had previously been circulated to Members of this Committee upon its receipt and stated that the information was produced on a quarterly basis.

Resolved – That the report be noted, and that an update of the national statistics be submitted to this Committee in six months' time.

5846 HER MAJESTY'S INSPECTORATE OF CONSTABULARY AND FIRE & RESCUE SERVICES – UPDATE – Further to Minute 5790 the Head of Corporate Assurance reported orally that the first requested Data return had been submitted to HMICFRS on 1 May 2018 with further returns being required before the inspection commences, and that the inspection framework and required actions had been integrated into HFRS workstreams coordinated by Corporate Assurance. HMICFRS had not yet confirmed the date for the HFRS inspection which will be publicised once confirmed but had finalised the agreed judgement criteria for the Inspections with a total of 63 sub-diagnostic questions (33 Effectiveness, 17 Efficiency and 13 People) required to be answered and evidenced. Using the internally created 'Heat Map' online system will enable Service leads to respond to each question by detailing the type of information that will be used for evidence. Furthermore, with the judgment criteria now agreed a self-assessment of the quality of evidence can be conducted through the 'Heat Map' system. Over recent weeks HMICFRS had hosted a range of seminars attended by HFRS staff and distributed communications to all services. The Head of Corporate Assurance outlined the key themes and updates that had emerged and indicated that HMICFRS intend to publish their experiences of the pilot Services incorporating detail of the public perception survey and that HFRS are monitoring and arranging meetings with Services involved in this process as best practice.

Resolved – That the report be received.

5847 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.

5849 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.

5850 ANY OTHER BUSINESS – The following matter was briefly discussed:

- Survey On District Structure (Public Safety and Emergency Response) – The Chairperson referred to an article that had appeared in the Service's publication 'Siren' regarding a survey inviting staff, partners and members of the public to comment on the management structure of the Public Safety and Emergency Response Teams who deliver services to communities on the North and South banks of the Humber. The Director of Emergency Response gave a brief oral outline of the proposals.

5851 EXCLUSION OF THE PRESS/PUBLIC - Resolved – That the press and public be excluded from the meeting for consideration of the following item (Minute 5852) on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1 and 2 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).

(With the exception of the Executive Director Service Support/Section 151 Officer, Monitoring Officer/Secretary, Committee Manager and Mr K Lloyd (MIAA) all Officers left the meeting for the consideration of the following item (Minute 5852)).

5852 WHISTLEBLOWING OUTCOME – In accordance with the Authority's Whistleblowing policy the Executive Director Service Support/Section 151 Officer and Monitoring Officer/Secretary reported orally on the outcome of a recent whistleblowing investigation and stated that a copy of the written report was available for perusal by any Member of this Committee in his office. The Executive Director Service Support/Section 151 Officer stated that the opportunity would now be taken, following the completion of the first investigation, to review the policy.

Resolved – That the report be received.

Meeting closed at 11.49 a.m.