

HUMBERSIDE FIRE AUTHORITY

25 SEPTEMBER 2015

PRESENT:

Representing East Riding of Yorkshire Council:

Councillors Finlay, Green, Hodgson, Jefferson JP, Matthews and Sharpe

Representing Kingston upon Hull City Council:

Councillors Allen, Fudge, Mathieson, Payne and Wilson

Representing North Lincolnshire Council:

Councillors Briggs (Chairperson), Grant, Sherwood and Waltham

Representing North East Lincolnshire Council:

Councillors Burton, Jackson and Sutton

Chief Fire Officer & Chief Executive, Deputy Chief Fire Officer/Executive Director Service Delivery, Executive Director Service Support/Section 151 Officer, Monitoring Officer/Secretary, Committee Manager and Ms J Rae (External Audit – KPMG) were also present.

Mr M Allingham, Mr D Chapman, Mr A Smith, Mrs M Thomlinson and Mr C Vertigans (Independent Co-opted Members of the Governance, Audit and Scrutiny Committee) also attended as observers.

Apologies for absence were submitted from Councillors Chapman MBE, Clarkson, Shepherd and Turner.

The meeting was held at the Humberside Fire and Rescue Service Headquarters, Kingston upon Hull. Meeting commenced at 10.30 a.m.

(The Chairperson welcomed the Independent Co-opted Members of the Governance, Audit and Scrutiny Committee, Ms J Rae (KPMG) and all other persons who were present. The Chairperson asked that Ms Rae convey to Mr J Prentice (KPMG) Members' best wishes for a speedy recovery. The Chairperson also referred to the Service's Community Awards event held at The Country Park Inn, Hessle on Thursday, 24 September 2015 and on behalf of Members congratulated all those who received an award or were nominated for an award.)

4933 DECLARATIONS OF INTEREST - There were no declarations.

4934 MINUTES – Resolved – That the minutes of the meeting of the Authority held on 24 July 2015 having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chairperson.

4935 QUESTIONS BY MEMBERS - The Monitoring Officer/Secretary stated that no questions had been received from Members in accordance with Rule 12, Part 4 of the Constitution.

4936 PETITIONS AND DEPUTATIONS - The Monitoring Officer/Secretary stated that no petitions had been received and no requests for a deputation had been received under Rule 13, Part 4 of the Constitution.

4937 COMMUNICATIONS - The Monitoring Officer/Secretary stated that no communications had been received.

4938 MEMBERS' NEWSLETTER – This item was included on the Agenda to allow Members an opportunity to ask questions regarding any items included in the Members' Newsletter that had been emailed recently to all Members of the Authority. There were no questions.

MINUTES OF COMMITTEES

4939 Governance, Audit and Scrutiny Committee – Resolved – That the minutes of the Governance, Audit and Scrutiny Committee held on 14 September 2015 be received.

4940 REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) 2014/15 – A Member referred to a recent press report in the Yorkshire Post that Fire Officers in South Yorkshire had received overtime payments during the industrial dispute and asked whether any Officer in the Humberside Fire and Rescue Service had been paid for extra work during the industrial dispute. The Chief Fire Officer & Chief Executive confirmed that no Principal Officers had been paid overtime although staff providing resilience had been paid in respect of the extra duties carried out.

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.
- Ms Rae referred to an adjustment with regard to the way in which pension commutation payments were dealt with in the accounts and stated that the situation had been clarified since the matter was reported to the Governance, Audit and Scrutiny Committee on 14 September 2015. The report therefore confirmed that following the Pension Ombudsman's decision (on 15 May 2015) on commutation payments in respect of the Firefighters' Pension Scheme (England): 1992 Scheme the Government Actuary's Department had issued guidance (on 25 July 2015) on the calculation of payments due to retired firefighters. When drafting the accounts the Authority had included a contingent liability but now information was available to calculate the amount payable and the provision to be included in the accounts. An estimate of £2.5m had been made. Based on guidance received from the Department for Communities and Local Government it was anticipated that this would be met from grant. There was therefore a 'Nil' effect on the Fire Fighters' Pension Account. The Authority had adjusted the Fire Fighters' Pension Account and relevant notes accordingly.
- 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 required to ensure that the accounts are compliant with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2014/15' ('the Code'). KPMG understood that the Authority would be addressing these where significant. These had included the correction of rounding and casting errors, and amendments to disclosure notes.

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 drew Members' attention the recommendation in Appendix 1 with regard to Related Party Transactions. The report had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 4922 refers).

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

4941 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 4940 above. The final version of the Annual Accounts was attached at Appendix 1 of the 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. 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. The report had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 4923 refers).

A Member referred to the recently reformulated Firefighters' Pension Scheme and queried whether the sustainability of the scheme might be threatened by a reducing number of firefighters over time. The Executive Director Service Support/Section 151 Officer acknowledged that it was difficult to say but pointed out that there was a cap on the financial contribution from the Government and it was not known at present what that might mean in terms of the benefits for firefighters under the scheme. The Chief Fire Officer & Chief

Executive stated that when the new scheme was introduced the Government had stated that it did not intend to revisit the scheme for at least 25 years.

Resolved - (a) That Members approve the audited Statement of Accounts for 2014/15 and that they are signed by the Chairperson on behalf of the Fire Authority, and

(b) that the letter of representation to KPMG as set out in Appendix 2 to the report be approved and signed by the Chairperson, the Chief Fire Officer & Chief Executive and the Executive Director Service Support/Section 151 Officer on behalf of the Authority.

4942 SERVICE PERFORMANCE AND RISK REPORT - 1ST QUARTER PERIOD APRIL – JUNE 2015 - The Deputy Chief Fire Officer/ Executive Director Service Delivery 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 published alongside the Agenda papers for this meeting on the Authority’s website. The Deputy Chief Fire Officer/Executive Director Service Delivery referred to Appendix 1 and drew Members’ attention to the data regarding Medical Interventions. The report had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 4926 refers).

Members sought clarification regarding Medical Interventions which was answered by the Deputy Chief Fire Officer/Executive Director Service Delivery. The Chairperson referred to the Service Performance Indicators for the attendance of appliances at incidents which were the best among fire services and stated that a message should be sent to every member of staff thanking them for the excellent job they do.

Resolved – (a) That Members take assurance as to the Service’s proactive approach to performance and risk management, and

(b) that a message of thanks be conveyed to all staff for the excellent attendance times.

4943 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 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 to the report. Further detailed information was contained within the additional information published alongside the Agenda papers for this meeting on the Authority’s website. The report had previously been considered by the Governance, Audit and Scrutiny Committee (Minute 4927 refers).

A Member suggested that it would be helpful if the report included comparative data for the same period in the preceding year. The Deputy Chief Fire Officer/Executive Director Service Delivery reminded Members that comparative data was included in the Member Newsletter and in the additional information that was published alongside the Agenda papers on the Authority’s website. Members expressed their appreciation to all those involved in gaining the Industry Sector Silver Award from the Royal Society for the Prevention of Accidents.

Resolved – That Members note the report and take assurance as to the Service’s proactive approach to Health, Safety and Environmental outcomes.

4944 FINANCIAL OUTLOOK 2016/17 ONWARDS AND POTENTIAL EFFICIENCY OPTIONS – The Chief Fire Officer & Chief Executive submitted a report considering the Authority’s financial prospects for the years 2016/17 to 2019/20 and the likely level of efficiencies that will be required over that period. The Authority’s outturn for 2014/15 had delivered an underspend of £1.269m and a closing level of total Revenue Reserves of £16.1m. A significant proportion of the Authority’s Revenue Reserves were earmarked for a specific purpose. The full schedule was attached at Appendix 1 to the report. The Authority had set a balanced budget for 2015/16 and a 0% change in the precept/council tax as part of the Government’s national initiative to freeze council tax. There was no anticipated let up in the austerity measures in place for the public sector generally and fire and rescue in particular. The Government had initiated a Spending Review 2015 in July with the outcome announcement due on 25 November 2015.

The current financial projections for 2016/17, 2017/18, 2018/19 and 2019/20 had been updated based on the latest assumptions and information and were shown in Appendix 2 of the report. The key assumptions applied were shown in the table below:

Assumptions applied to the Medium-Term Financial Plan for 2016/17 to 2019/20

	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
Pay Awards	1%	1%	1%	1%
External Grant	-10%	-6%	-6%	-6%
Council Tax	2%	2%	2%	2%
Price Inflation				
• Rates/Fuel	5%	5%	5%	5%
• Utilities	6%	6%	6%	6%
• Insurance	5%	5%	5%	5%
• Income	1%	1%	1%	1%
• Other	0%	0%	0%	0%

Furthermore, the Authority’s financial projections had been updated to incorporate previous decisions relating to the implementation of efficiencies, e.g. the Operational Efficiency Programme outcomes of the 31 January 2014 Special Fire Authority meeting, the Senior Management Review and the Incident Command Review. The attention of Members was drawn to Appendix 2 of the report which indicated that there were estimated shortfalls in all years from 2016/17 onwards as follows:-

<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
£535k Deficit	£1.035m Deficit	£1.961m Deficit	£2.96m Deficit

Members were reminded of the important and wide-ranging work on efficiency that was being undertaken by the Service Redesign Programme (SRP) Team at the moment. The SRP Team were leading work which was examining all ‘non-fire engine’ elements of the Service. This work will be instrumental in partly meeting the budget deficits projected for 2016/17 onwards. Principally, the Authority will need to identify efficiencies of circa £1m between the present time and March 2017 and a further £2m of efficiencies between April 2017 and March 2019. Members were reminded that the Authority had a strong track record of delivering sustainable efficiencies, and early decision making where possible will ensure changes can be implemented with minimal disruption to the Service. The SRP Team are working with staff and stakeholders to develop options for Members to consider across all areas of the Service, with the exception of the number and location of fire engines. The options relating to fire engine deployment in the Operational Efficiency Programme (OEP) were considered by Members in January 2014 and a number of the possible changes were approved at that meeting. The implementation of those decisions is now complete and, as anticipated, the impact of those changes on risk and response standards performance has been less than predicted, largely due to the fact that all the data sets that Members considered were deliberately calculated as “worst case” scenarios. The SRP Team were not set a target for financial savings, but because the work has been about reviewing how the Authority can deliver the Service in as efficient a way as possible there have been a number of potential savings identified. The Team still have much work to do, but are starting to be able to scope out the range of savings that may be possible by carrying out ‘non-fire engine’ activities more efficiently. SRP options will be brought before the Authority for approval for an appropriate period of consultation in each area. Principally, the areas in the review currently are:

- Incident Command – completed;
- Occupational Health – currently under consultation;
- Human Resources and Organisational Development – currently under consultation;
- Service Control – review on-going;
- Administration and Data Management – review on-going;
- Emergency Response specialisms – review on-going;
- Emergency Preparedness – review on-going;
- Public Safety and Community Preparedness – review on-going;
- Personal Development and Training – review on-going;
- Corporate Support – review on-going.

It was likely that if all options for change are approved by the Authority the potential savings from the SRP (in addition to those delivered from the Incident Command Review) could be up to £1m over a period of several years. Given the financial position described elsewhere in the report it was therefore likely that there will need to be further savings beyond the SRP to manage a potential shortfall of a further circa £2.0m by March 2019. When the OEP was considered in January 2014 Members approved options in Hull, Grimsby, Cleethorpes and

Waltham. The decisions made in January 2014 were the culmination of many months of work, whereby Members had considered in detail a series of options before the Fire Authority gave approval to implement. Following a similar approach to that used by Members in 2013 and early 2014, and in order to mitigate the financial risk to the Authority, it was suggested that Members might require a paper to be brought before the Authority at a future meeting with information relating to any changes which could be implemented to improve operational efficiency and still ensure that the Service meets the response standards set by the Authority. If that is the case then up-to-date data will be used to calculate predicted effects on risk and response performance. Recent retirements from the Service meant that maintaining crewing levels will be challenging in 2016 onwards. Clearly, given the austere financial backdrop, it would not be prudent for the Authority to recruit new Firefighters if there was a chance that overall numbers might need to be reduced over the next few years and therefore it was now imperative that Members begin to consider further operational efficiencies alongside the on-going work of the SRP team which is examining the 'non-fire engine' elements of the Service in detail. If the Service did recruit and then subsequently the establishment was reduced, it would be in a position with supernumerary staff again and be carrying the costs associated with that position for some time.

The report concluded that the Authority had worked hard to maintain its current sound financial position; 2016/17 onwards would again test the Authority's finances – potentially to a far greater extent than that seen in 2011/12 to 2015/16; the delivery of further efficiencies would remain a priority for the Authority from now into the medium-term and again all areas of the Service would need to be considered to meet the likely challenges that the Spending Review 2015 will bring, and further financial update reports will be brought to Members during the budget setting cycle for 2016/17 which will culminate in February 2016.

Members sought clarification of aspects of the report which were answered by the Chief Fire Officer & Chief Executive and Executive Director Service Support/Section 151 Officer.

Resolved - (a) That Members receive the report and note the financial challenges for the period 2016/17 onwards, and

(b) that a report is brought before the Authority relating to available Operational Efficiency options following discussion at a Member Day.

4945 CONSULTATION - ENABLING CLOSER WORKING BETWEEN THE EMERGENCY SERVICES - The Chairperson submitted a report presenting at Appendix 1 to the report the Government Consultation 'Enabling closer working between the Emergency Services' that was released on 11 September 2015. In order for the Authority to formulate a response, the following timetable was proposed:

2 October 2015 – the pre-programmed Member Day is given over to consideration of the Consultation questions and the formulation of a draft response;

Between 5 October and 15 October 2015 – the draft response is circulated to Members for feedback;

23 October 2015 – the final version of the Consultation response is approved by the Authority at its 23 October meeting;

23 October 2015 – The Consultation response is submitted to the Government (the deadline for responses is 23 October).

The Chairperson informed Members that he would be attending meetings elsewhere on 5 and 9 October 2015 and would take Members' initial views to those meetings, and also encouraged any Member unable to attend the Member Day on 2 October 2015 to submit their views on the consultation questions before then so that they can be taken into account. A spokesperson for the Labour Group stated that his Group welcomed the approach outlined

in the report by the Chairperson and stated that the Consultation was very much about doing things to the Humberside Fire Authority and that the Group is alarmed by the document and the reduction of democratic accountability if responsibility for the Service is given over to Mayors/Police and Crime Commissioners.

Resolved - That Members consider the Consultation documents attached to the report now submitted and that the Member Day on 2 October 2015 be used to formulate the Authority's formal response.

Meeting closed at 11.20am