

HUMBERSIDE FIRE AUTHORITY
GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE

15 JUNE 2015

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

Councillors Briggs, Hodgson and Jefferson attended as observers.

Chief Fire Officer and Chief Executive, Deputy Chief Fire Officer/Executive Director Service Delivery, Executive Director Service Support/Section 151 Officer, Monitoring Officer/Secretary, Director of Organisational Development, Director of Public Safety, Corporate Planning and Performance Manager, Committee Manager, Senior Finance Officer, Ms J Rae (External Audit – KPMG) and Mrs B Boyes (Internal Audit - MIAA) were also present.

An apology for absence was received from Mr M Allingham.

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

(The Chairperson welcomed all who were observing the meeting.)

4837 MR J JEPSON – The Chairperson reported the sad loss of Mr J Jepson, a former Member of the Committee. All present observed a one minute silence as a mark of respect.

PROCEDURAL

4838 DECLARATIONS OF INTEREST - No declarations were made in connection with any of the items to be considered at the meeting.

4839 MINUTES – Resolved – That the minutes of the meeting of the Committee held on 13 April 2015 having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chairperson.

GOVERNANCE

4840 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 27 April 2015 to the draft minutes of the meeting of the Committee held on 13 April 2015 and also providing feedback on other items considered by the Fire Authority.

The Chairman referred to Minute 4807 (GAS Member – Service Delivery Familiarisation) and acknowledged that arrangements had been made for Members of the Committee to visit Service facilities on 23 June 2015.

Resolved – That the report be noted.

4841 COMMITTEE WORKSTREAMS/SCRUTINY PROGRAMME 2014/15 AND ANNUAL REPORT TO HUMBERSIDE FIRE AUTHORITY – The Monitoring Officer/Secretary submitted a report indicating that following a previous review of its corporate governance, the Authority adopted a Constitution and a new Committee structure. Members were reminded that it was agreed that the first meeting of each Committee in a new cycle would receive a report which outlined broadly the substantive reports that Members, as a minimum, could expect to receive during 2014/15. The workstreams agreed were not exhaustive, but indicative. The Authority at its meeting on 25 April 2014 (Minute 4511 refers) had approved a revised Terms of Reference for the Committee with the scrutiny function of the Committee being revised so that the Committee can focus its scrutiny role on a number of topics per year. Two topics were included in the Scrutiny Programme for 2014/15. A draft Annual

Report to the full Fire Authority in accordance with the Constitution was attached to the report which briefly outlined progress against the workstreams/scrutiny programme agreed by the Committee at its meeting on 9 June 2014, and included a copy of the Development Plan produced by Internal Audit (MIAA) and submitted to the Authority on 12 December 2014 (attached at Appendix 2 to the Annual Report). The Monitoring Officer/Secretary indicated that some typographical errors and also the details in respect to attendances would need updating after this meeting of the Committee prior to the Annual Report being submitted to the Fire Authority.

A Member referred to paragraph 11 of the Annual Report regarding scrutiny outcomes 2014/15 and suggested that it would be helpful if a timescale for feedback regarding the implementation of the Committee's recommendations was incorporated. The Monitoring Officer/Secretary stated that the Member's suggestion could be dealt with under the next item on the Agenda for this meeting (Minute 4842 below refers). The Chairperson referred to paragraph 7 in the Development Plan attached at Appendix 2 to the Annual Report and enquired if there were reasons, such as timescale, for him not receiving the draft minutes of meetings of this Committee prior to their submission to the Authority. The Monitoring Officer/Secretary assured the Committee that whilst timescales could be restrictive a copy of the draft minutes will be sent to the Chairperson whenever timescales for the distribution of the Authority's Agenda papers allowed.

Resolved – That, subject to the attendance details being reviewed, and where necessary the content being updated to take account of this meeting, the draft Annual Report be approved for submission to full Fire Authority on 26 June 2015, to be presented by the Chairperson of this Committee.

4842 COMMITTEE WORKSTREAMS 2015/16 - The Monitoring Officer/Secretary submitted a report indicating that in line with the Constitution, the first meeting of each Committee in a new cycle should receive a report which outlined broadly the substantive reports that Members, as a minimum, can expect to receive during the year. The report now submitted set out the workstreams for the Governance, Audit and Scrutiny Committee for 2015/16. Progress against those workstreams would be included in the annual report from the Committee to the Fire Authority.

The Monitoring Officer/Secretary drew attention to the timetabling with respect to the scrutiny programme 2015/16 and queried whether the timetable in Appendix 1 reflected the Committee's intentions. The Chairperson confirmed that members were working to that timetable. A Member confirmed that an initial meeting had been held with Officers and that a further meeting was to take place after this meeting to facilitate the scoping discussion taking place at the July 2015 meeting of this Committee. The Chairperson complemented the support Members had received from the Heads of the Business Safety Teams. The Chairperson also expressed thanks to the work undertaken by Members outside of the normal frequency of meetings to assist the scrutiny process. The Monitoring Officer/Secretary also referred to the discussion on the preceding item and invited the Committee to schedule when it would like updates regarding the implementation of recommendations on the two topics scrutinised during 2014/15.

Resolved – That the proposed workstreams/scrutiny programme for 2015/16 be approved as now amended and set out in Appendix 1 to these minutes.

AUDIT

EXTERNAL AUDIT (KPMG)

4843 External Audit Progress Report and Technical Update – Ms J Rae (External Audit (KPMG) submitted a report providing an overview on progress in delivering KPMG's responsibilities as external auditors. 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 also highlighted the main technical issues that were currently having an impact in local government.

Resolved – That the report be noted.

INTERNAL AUDIT (MIAA)

4844 Internal Audit Update – Mrs B Boyes (Internal Audit - MIAA) submitted a report outlining internal audit activity since the last meeting as follows:

Internal Audit Plan 2014/15 – Finalisation Update - The 2014/15 Internal Audit Annual Report and Opinion Statements had been duly reported to the GAS Committee and the Fire Authority during April 2015 and included audit outcomes at that time. Since then, the report on Executive Governance Arrangements had been finalised and was attached at Appendix 1 to the report. The report presented positive findings overall but included areas for improvement which had been agreed by officers around reviewing and enhancing Corporate Management Team (CMT) activity planning and coverage, refining terms of reference and ensuring clear infrastructure and evidence trails for decision making. Mrs Boyes stated that MIAA had agreed to hold a workshop on 7 July 2015 for the Corporate Management Team to facilitate the challenge process. The Chief Fire Officer and Chief Executive stated that the forward plan of activity had already been prepared and implemented and also that the recommendations regarding recording and visibility of decisions had been implemented. The Chief Fire Officer and Chief Executive explained that it was important for the Governance, Audit and Scrutiny Committee to appreciate that the current CMT structure was still very much in the development stage.

The second phase of the Performance Management review briefly considered the development of the Annual Governance Statement (AGS) for 2014/15 to determine if outcomes-based assurances had been utilised, and to make other observations as appropriate (leading to information being added to strengthen the current document). In addition, three main areas were identified for future AGS production:

- Cross referencing to the Corporate Risk Register – where amber/red risks have a governance aspect;
- Greater emphasis on presenting ‘Outcomes’ where possible; and
- Construction and review of the AGS throughout the course of the financial year to reflect its on-going (rather than year-end) purpose.

The remaining 2014/15 review which had now been reported to officers in draft was regarding the Wide Area Network and the final report should be available to the GAS Committee in July 2015.

Internal Audit Plan 2015/16 – Delivery Timescale - The Internal Audit control schedule for the approved 2015/16 plan was attached at Appendix 2 to the report.

Resolved – (a) That the Committee notes the progress in finalising the 2014/15 Internal Audit Plan and the presented outcomes with regard to Executive Governance Arrangements and Performance, and

(b) that the Committee notes the anticipated delivery profile for the 2015/16 Internal Audit Plan.

4845 ANNUAL STATEMENT OF ACCOUNTS 2014/15 - The Executive Director Service Support/Section 151 Officer submitted a report containing the Authority’s full unaudited Statement of Accounts for 2014/15 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 audited Statement of Accounts must be approved by the Fire Authority by 30 September 2015. The outturn position for the revenue budget for 2014/15 was a £1.269m underspend which compared well to the period 11 end of February 2015 projection in the Management Accounts of a £1.306m underspend. The full schedule of variances was set out in more detail in the Statement of Accounts (Appendix 1, pages 72-74).The outturn for the

Capital Programme showed spending of £5.145m (£4.002m was the Authority's Capital Programme and £1.143m was the East Coast and Hertfordshire Control Room Consortium spend in 2014/15) as detailed in the report. The report identified fourteen schemes for which it was proposed that the capital allocations be re-phased into the 2015/16 Capital Programme. Table 1 in paragraph 6 to the report showed the overall position on Reserves at 31 March 2015 and some recommended movements in reserves to be effected from 1 April 2015. Table 1 showed overall revenue reserves of £15.8m at 31 March 2015. 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 2016/17 onwards. The earmarked reserves identified in the Table underpinned a number of key areas of work for the Service. Many of those workstreams were now in the implementation/delivery stage.

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 28% or £7.3m over the period 2011/12 to 2015/16 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:

<u>Key Indicator</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
Capital Financing Requirement (CFR)	£17.7m	£16.6m	£15.6m
Long-term Borrowing (PWLB)	£18.7m	£17.7m	£16.6m
Revenue Outturn	£2.1m underspend	£1.5m underspend	£1.3m underspend
Total Reserves (capital & revenue)	£19.13m	£17.3m	£15.8m

Fundamentally the Authority's underlying position was sound and against the backdrop of austerity the CFR (the Authority's underlying need to borrow for a capital purpose) had been reduced alongside a decrease in long-term borrowing (PWLB). The revenue outturn underspend was lower than in the previous year and overall reserves had also reduced. Neither was a cause for concern but demonstrated a financial tightening as efficiency measures were worked through alongside significant reductions in external funding. The Authority's budget was balanced for 2015/16. 2016/17 onwards will present a significant challenge given the Government's austerity programme was unlikely to abate before 2020. The Service Re-design Programme currently underway would examine all possible options for further efficiency in 'non-fire engine' areas of the Service. This will be vital for the challenges that will lie ahead for 2016/17 onwards.

The accounts indicated that as the Fire Authority no longer had a controlling interest or influence over 'HFR Solutions' the Group Accounts were included for comparative purposes only.

Queries by Members were answered by the Executive Director Service Support/Section 151 Officer. In response to queries regarding paragraph 13 of the accounts relating to Officer Emoluments the Director of Public Safety undertook to supply for a meeting of Committee Members to be held on 23 June 2015 comparative information over a period of years and including gender information. Ms Rae (KPMG) suggested that it might be helpful if the Executive Director Service Support/Section 151 Officer included a brief explanatory note for note 13 of the accounts. The Chairperson referred to paragraph 22 of the Annual Governance Statement attached at Appendix 1 to the accounts and stated that the GAS Committee looked forward to the opportunity of meeting with Elected Members on appropriate Member Days.

Resolved - That Members take assurance from the accounts presented and that after the Fire Authority meeting on 26 June 2015 a copy signed by the Executive Director Service Support/Section 151 Officer be presented for audit.

4846 TREASURY MANAGEMENT ANNUAL REPORT 2014/15 – The Executive Director Service Support/Section 151 Officer submitted a report providing a review of the Authority's Treasury Management activity and Prudential Indicators for the year 2014/15 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 2014/15. Appendix 1 to the report detailed the agreed Prudential Indicators for 2014/15 and the actual figures for 2014/15. 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. Through the Medium-Term Financial Planning 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 2015 was £5.9m below the agreed Operational Boundary for 2014/15 and the maturity structure for both borrowing and investments remained within the approved upper and lower limits. Subsequent borrowing or re-scheduling during 2015/16 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 2014/15 and the Prudential Indicators as outlined in paragraphs 14 and 15 and detailed in Appendix 1 to the report.

4847 CUSTOMER SERVICE EXCELLENCE AWARD - The Corporate Planning and Performance Manager submitted a report reminding Members that the Customer Service Excellence Award (CSE), originally achieved in 2009, was re-certified on an annual basis subject to passing a compliance audit. The award covered a three year period therefore 2015 marked the start of the re-certification process which was based on five criteria as set out in the report. The re-certification audit for 2015 took place on 24th and 25th February 2015 and it was pleasing to report that the award had been successfully retained for a further twelve months. The Assessor had noted five areas of good practice and three potential opportunities for improvement during the audit. The partial compliance from last year's assessment had now been closed following improvements made with the Customer Feedback process. This year's report did not contain any areas of either non or partial compliance, a first for the Service. The Assessment Report was attached at Appendix 1 to the report.

The Chairperson expressed his congratulations that the Assessor's report did not contain any areas of either non or partial compliance.

Resolved – That Members acknowledge the retention of the Award and take assurance from the on-going commitment to Customer Service Excellence.

PERFORMANCE, RISK AND PROGRAMME MANAGEMENT

4848 PERFORMANCE REPORTING AND SERVICE PERFORMANCE INDICATORS 2015-16 – The Corporate Planning and Performance Manager submitted a report indicating that on 27 April 2015 the Fire Authority had approved the service performance Indicator baseline figures for 2015/16 and presenting the figures for consideration by this Committee. The numbering of Service Performance Indicators (SPIs) had been realigned to tie-in with the Service's Strategic Objectives as set out in Appendix 1 to the report. The baseline figures for 2015/16 were set out in Appendix 2 to the report.

Resolved – That Members are assured by the targets set for 2015/16.

4849 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.

4850 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

4851 Composition of Committee – The Chairperson reported that following the retirement of Mrs G Hardy a report would be submitted to the Fire Authority AGM on 26 June 2015 proposing that the resultant vacancy is not filled and that the size of the Committee be reduced from 8 to 7 members.

Resolved – That the report be noted.

4852 Opening of Clough Road Fire Station, Hull – The Chairperson referred to the official opening of Clough Road Fire Station after the Fire Authority meeting on 24 July 2015. The Executive Director Service Support/Section 151 Officer stated that Members of this Committee would be invited to attend the opening ceremony.

Resolved – That the report be noted.

Meeting closed at 11.05 a.m.

Appendix 1**GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE****DRAFT SCHEDULE OF MEETINGS 2015/16****including Workstreams ('Audit' and 'Governance') and Scrutiny Programme**

2015/16		
Meeting	Workstreams ('Audit' and 'Governance')	Scrutiny Topics)
Mon 13 July 2015	<ul style="list-style-type: none"> • External Audit report • Internal Audit reports • Annual Statement of Assurance 2014/15 • Annual Performance Report 2014/15 	<ul style="list-style-type: none"> • Report Scoping Discussion (Business Safety)
Mon 14 September 2015	<ul style="list-style-type: none"> • Management Accounts • External Audit report • Internal Audit reports • 1st Quarter Performance and Risk Report. • 1st Quarter H&S Report. • Annual Statement of Accounts (audited) 2014/15 	<ul style="list-style-type: none"> • Feedback on Implementation of Recommendations from 2014/15 Scrutiny Programme (HFR Solutions)
Mon 2 November 2015	<ul style="list-style-type: none"> • Management Accounts • External Audit report • Internal Audit reports • 2nd Quarter Performance and Risk Report. • 2nd Quarter H&S Report 	<ul style="list-style-type: none"> • Scrutiny Report (Business Safety)
Mon 1 February 2016	<ul style="list-style-type: none"> • External Audit report • Internal Audit reports 	<ul style="list-style-type: none"> • Feedback on Implementation of Recommendations from 2014/15 Scrutiny Programme (HR Strategy (including Succession Planning))
Mon 7 March 2016	<ul style="list-style-type: none"> • Management Accounts • External Audit report • Internal Audit reports • 3rd Quarter Performance and Risk Report. • 3rd Quarter H&S Report. • CSE Audit Outcomes. • Treasury Management Policy 2016/17. • Internal Audit Plan 2016/17 	
Mon 11 April 2016	<ul style="list-style-type: none"> • Management Accounts • External Audit report • Internal Audit reports • Annual Governance Statement 2015/16. • Performance Reporting and Service Performance Indicators 2016/17 • Annual report to HFA 	

Governance, Audit and Scrutiny Committee – Independent Members of the Committee will meet in private at 9.00 am, main meeting at 10.00 am

