

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

**16 JUNE 2017**

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

Councillors Briggs and Green attended as observers.

Director of Human Resources, Director of Emergency Response, Monitoring Officer/ Secretary, Group Manager (Public Support - Central), Finance Manager, Committee Manager, Ms J Rae (External Audit – KPMG) and Mr K Lloyd ((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 Monitoring Officer/Secretary took the Chair for the following item (Minute 5483).*

**PROCEDURAL**

**5483 APPOINTMENT OF CHAIRPERSON** – The Monitoring Officer/Secretary submitted a report on the appointment of a Chairperson for 2017/18.

**Resolved** – That Mr D Chapman be appointed Chairperson of this Committee until the Annual General Meeting of the Humberside Fire Authority in 2018.

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

**PERFORMANCE, RISK AND PROGRAMME MANAGEMENT**

**5484 ABSENCE MANAGEMENT** - The Director of Human Resources submitted a copy of the progress report that was submitted to the Authority on 17 March 2017 (Minute 5404 refers) on the performance and progress of the management of sickness absence. Sickness absence data had not been included in the report on this occasion as there had been little change since the last report. The report also gave an update on progress relating to improved awareness of mental health, reducing stigma and earlier intervention and support for staff suffering mental distress. That was in the context of mental health difficulties being the highest reason for absence across the Service. The report reminded Members of the decision taken to commission Capsticks Human Resource Advisory team to undertake the absence management work stream for a 3 month period which began at the end of February 2017. That work included the complete management of sickness absence for all cases in the Service during this period, as well as a review of the roll out and efficacy of the Sickness Absence Policy and a training needs analysis of management capability in this area. An added benefit of free advice from their legal team in relation to any resulting employment cases was included in the agreement. The Director of Human Resources stated that the project was now coming to a close, having been extended a little, and that on completion Capsticks HRA will provide a detailed report on the impact of the work they have undertaken and any changes to policies or training that they consider necessary, and that that report would be submitted to both the Authority and this Committee.

The Director of Human Resources drew Members' attention to the Mental Health Awareness Conference held on 8 May 2017 which had been extremely successful and well attended and as a consequence Officers were now beginning to notice a sea change with people wanting to discuss mental health issues. The Director of Human Resources expressed thanks to those Elected Members of the Authority and Members of this Committee who had shown support by attending the event.

A Member congratulated the Service on holding the event which was educational and very well run. The Chairperson echoed those remarks and stated that the event was an example of how seriously the Service took the issue. In response to a query as to whether Members of this Committee would receive the full report by Capsticks HRA on completion of their work and also a breakdown of the costs the Director of Human Resources confirmed that the information would be submitted both to the Authority and to this Committee. A Member referred to the statement in the Customer Excellence Award 2017 that the Service was not very good at giving congratulations and queried whether it might be appropriate to highlight good attendance as a 'Good News' Statement. The Director of Human Resources undertook to take the suggestion on board but reminded the Member that the approach the Service was taking was to support people with ill-health. The Director of Emergency Response stated that it was a balanced judgement and informed Members that Stations already meet on a monthly basis and performance is reported on at those meetings and suggested that the Service could expand on that reporting. A Member referred to the way in which a school that he was connected to highlighted excellent attendance and offered his assistance from that experience if it would be of help to Officers.

**Resolved** – That the report be noted and that it be noted that the detailed report by Capsticks HRA on completion of their work, together with a breakdown of costs, will be submitted to a future meeting of this Committee.

**5485 MINUTES – Resolved** – That the minutes of the meeting of the Committee held on 10 April 2017 having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chairperson.

**5486 MATTERS ARISING FROM THE MINUTES, OTHER THAN ON THE AGENDA –** There were no items.

**5487 DECLARATIONS OF INTEREST** - No declarations were made in connection with any of the items to be considered at the meeting.

### **GOVERNANCE**

**5488 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 24 April 2017 to the draft minutes of the meeting of the Committee held on 10 April 2017 and also providing feedback on other items considered by the Fire Authority at its meeting on 24 April 2017.

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

**5489 TERM OF OFFICE OF MEMBERS OF THE GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE** – The Secretary/ Monitoring Officer reported orally that it was intended to submit a report to the next meeting of the Authority reviewing the term of office of Independent Co-opted Members of the GAS Committee taking into account their audit role for the office of the Police and Crime Commissioner for Humberside but also the need to maintain the succession arrangements for continuity purposes with groups of Members having different periods of office. A copy of a draft report had previously been supplied to the Chairperson of the GAS Committee for his information.

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

### **SCRUTINY PROGRAMME**

**5490 2017/18 SCRUTINY WORK PROGRAMME – UPDATE – Resolved** – That the scoping of the scrutiny of Business Continuity be deferred to the meeting of the Committee to be held on 18 September 2017 and that as a consequence the timing of the subsequent Scrutiny Report scheduled for the March 2018 meeting be reviewed at the September 2017 meeting of this Committee.

## **AUDIT**

**5491 EXTERNAL AUDIT UPDATE** - Ms J Rae, External Audit (KPMG) reported orally that work on the audit of accounts 2016/17 was progressing and that so far the work had raised no issues that needed to be brought to the attention of the Authority and that KPMG was working towards signing-off the accounts in July 2017. Ms Rae stated that there had been no recent technical developments that were currently having an impact in Fire Services.

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

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

**5492 Internal Audit Update** – Mr K Lloyd (Internal Audit - MIAA) submitted a report providing a progress update in the delivery of the Internal Audit Plan for 2016/17 and 2017/18 as approved by the Fire Authority on 17th March 2017.

Internal Audit Plan Progress – The Internal Audit Plan for 2016/17 was complete and the two pieces of work not yet reported to the Committee were advisory in nature (HR maturity matrix and underpinning evidence and service improvement/value for money (transactional admin Post Implementation Review)). The outputs and outcomes from these reviews were planned to be presented to the GAS Committee in July 2017. For 2017/18 Internal Audit activity the Control Schedule attached at Appendix 1 to the report which provided a strategic overview and profiled timeline for agreed reviews.

GAS Committee Development Plan - It was recently decided to have a fuller review and refresh of the Development Plan in April 2017, particularly given that the Committee is constituted of several different Members to those in post in 2014. Furthermore, the challenges now facing the Committee were felt worthy of deliberation to help the GAS Committee ensure it adds value to the Fire Authority. A workshop session was held on 24th April 2017 and the details were captured in an outcomes report at Appendix 2 to the report which contained plans for an informal discussion of GAS Members and attendees around functional aspects of the Committee. It was intended to hold this discussion on the same day as the Committee meeting on 17 July 2017.

**Resolved** – (a) That the Committee notes the Internal Audit progress against the 2016/17 Plan and the intended timeline and outcomes for the 2017/18 plan as set out in Appendix 1 to the report, and

(b) that the GAS Committee receives the outcomes report following the workshop on 24th April 2017 attached at Appendix 2 to the report in advance of an informal discussion on 17 July 2017.

**5493 ANNUAL STATEMENT OF ACCOUNTS 2016/17 - UNAUDITED** - The Finance Manager submitted a report containing the Authority's full unaudited Statement of Accounts for 2016/17 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 2016/17 was published on the Authority's website on 24 May 2017 which was an excellent achievement. The intention was that the audited Statement of Accounts will be approved by the Fire Authority by 31 July 2017 although statutorily this could be any time before 30 September 2017. The outturn position for the revenue budget for 2016/17 was a £1.095m underspend which compared well to the period 11 end of February 2017 projection in the Management Accounts of a £1.107m underspend. The full schedule of variances was set out in more detail in the Statement of Accounts (Appendix 1, page 80). The outturn for the Capital Programme showed spending of £6.935m (£6.492m was the Authority's Capital Programme and £443k was the East Coast and Hertfordshire Control Room Consortium spend in 2016/17) as detailed in the report. The report identified ten projects that had not been completed in 2016/17 and for which it was proposed that the capital allocations be re-phased into the 2017/18 Capital Programme. Table 1 in paragraph 6 to the report showed the overall position on Reserves at 31 March 2017 and some recommended movements in

reserves to be effected from 1 April 2017. Table 1 showed overall revenue reserves of £10.548m at 31 March 2017. 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 2018/19 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 £11m 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> (unaudited)
Capital Financing Requirement (CFR)	£17.7m	£16.6m	£15.6m	£16.1m	£14.5m
Long-term Borrowing(PWLB) (excluding leases)	£18.6m	£17.7m	£16.6m	£15.3m	£14.5m
Revenue Outturn	£2.1m underspend	£1.5m underspend	£1.3m underspend	£1.2m underspend	£1.1m underspend
Total Revenue Reserves	£18.6m	£17.3m	£16.1m	£15.1m	£10.5m

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 over the 2015/16 level. This showed the CFR stabilising on a downward trend over the period 2012/13 to 2016/17. 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 and overall reserves had also reduced in line with the strategy of applying reserves to deliver capital renewal in the form of the new stations for Central Hull and Brough. The Authority's budget was balanced for 2017/18. 2018/19 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 2016/17 financial year. The picture was one of robust finances despite the austerity that had been in place over the period 2011/12 to 2016/17. Judicious use of reserves had ensured that key investment projects had been undertaken. The financial challenges will continue over the period 2018/19 onwards and the Authority is well placed to meet these challenges.

A Member referred to the Revenue Variance Analysis at Appendix 2 to the accounts in so far as it referred to Supplies and Services and sought clarification regarding the statement on page 115 that less smoke alarms have been purchased than originally anticipated. The Finance Manager and Group Manager (Public Support – Central) explained the purchasing system adopted for the purchase of smoke alarms which allowed the Service to draw upon a bonded stock as and when required. A Member referred to page 43 of the accounts which showed an underspend of £428k on staff pay during 2016/17 and queried whether that included Agency staff. The Finance Manager drew Members' attention to page 115 which showed a variance of £162k in respect of Agency fees.

**Resolved** - That Members take assurance from the accounts presented.

**5494 TREASURY MANAGEMENT ANNUAL REPORT 2016/17** – The Finance Manager submitted a report providing a review of the Authority’s Treasury Management activity and Prudential Indicators for the year 2016/17 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 2016/17. Appendix 1 to the report detailed the agreed Prudential Indicators for 2016/17 and the actual figures for 2016/17. 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 2017 was £7.5m below the agreed Operational Boundary for 2016/17 and the maturity structure for both borrowing and investments remained within the approved upper and lower limits. Subsequent borrowing or re-scheduling during 2017/18 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 2015/16 and the Prudential Indicators as outlined in paragraphs 12 and 13 and detailed in Appendix 1 to the report.

**5495 ANTI-FRAUD AND CORRUPTION STATEMENT 2016/17** - The Finance Manager presented a joint report by the Corporate Planning/Performance Manager and himself indicating that in response to a recommendation within the Internal Audit Report ‘Counter Fraud Arrangements 2016/17’ conducted during the third quarter of 2016/17, the Authority will produce and make publically available an annual Anti-Fraud and Corruption Statement which will cover key actions taken throughout the year, provide an assurance of the processes in place and provide links to key documents.

The report reminded 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.

A Member referred to the draft statement and stated that there were some minor typographical errors in the document; referred to paragraph 4 and suggested that ‘appropriate controls and procedures’ could not cover ‘culture’ as indicated and therefore the paragraph should be reviewed for clarity; sought clarification of the term ‘coming year’ in paragraph 6; sought clarification of the term ‘portfolio responsibility’ in paragraph 10 as the two Members of the GAS Committee did not know what was meant, and also sought clarification of the action taken with regard to alerts received from the Internal Auditors (MIAA). The Finance Manager explained what was meant by the term ‘coming year’ and also outlined the action taken in respect of alerts. The Finance Manager stated that the other matters would be raised with the Corporate Planning/Performance Manager who would be asked to contact the Member direct.

**Resolved** – That subject to clarification of the matters now raised this Committee recommends the draft Anti-Fraud and Corruption Statement for 2016/17 to the Fire Authority for approval.

**5496 ANNUAL REPORT RE.DECLARATIONS OF INTEREST REGISTERS AND GIFTS, HOSPITALITY AND SPONSORSHIP REGISTERS** - The Monitoring Officer/Secretary submitted a report indicating that the review of counter fraud arrangements by Internal Audit contained a recommendation that Declarations of Interest Registers and Gifts, Hospitality and Sponsorship Registers should be reviewed (at least annually) at the GAS Committee. This report reviewed the Declarations of Interest Registers and Gifts, Hospitality and Sponsorship Registers for the period 1 April 2016 to 1 June 2017.

The report indicated that Section 29 (1) of the Localism Act 2011 requires the Monitoring Officer of the Fire Authority to establish and maintain a Register of Interests of Elected Members and Co-opted Members of the Authority. Subject to the requirement to require the registration of certain categories of interest defined as 'disclosable pecuniary interests' it is for the Authority to determine what is to be entered in the register. The Monitoring Officer must secure that a copy of the register is available for inspection at a place within the Authority's area at all reasonable hours and that the register is published on the Authority's website. The Officer's Code of Conduct states that Officers must comply with the Authority's requirements for the registration and declaration of any financial and non-financial interest and the Authority's policies on the declaration of hospitality or gifts offered to or received by employees. The review of counter fraud arrangements by Internal Audit for 2016/17 examined the recording of Members' registers of interests and the recording of offers of gifts and hospitality recorded by Officers and Members. The review contained a recommendation that Declarations of Interest Registers and Gifts, Hospitality and Sponsorship Registers should be reviewed (at least annually) at the GAS Committee. The report now submitted reviewed the Declarations of Interest Registers and Gifts, Hospitality and Sponsorship Registers for the period 1 April 2016 to 1 June 2017.

Member Registers of Interests - The review of counter fraud arrangements by Internal Audit for 2016/17 examined the recording of Members' Registers of Interests. The review stated that the latest entries on the Registers of Interests were examined at the time of the review and found to be in order. A review of the content of the Registers of Interests of Members was also undertaken as part of the preparation of the report now submitted. A review of the information contained on the website confirms that Register of Interests forms for each Member of the Authority are shown on the website and the information that would be expected to be recorded is shown on the website.

Member Declarations of Gifts and Hospitality - The review of counter fraud arrangements found that there had been no recent recorded examples of declarations of gifts and hospitality by Members. Since the review two declarations had been made by two Members of hospitality consisting of a meal at a conference from the Fire Industries' Association.

Officer Declarations of Gifts and Hospitality - The review of counter fraud arrangements found that there were very few offers of gifts and hospitality recorded in recent years. A Register of Gifts and Hospitality offered to Officers is shown on the Authority website in the form set out at Appendix 1 to the report. It could be seen from that that 17 offers of gifts and hospitality had been recorded in the 2016/17 period. The value of the gifts was generally low with the value to each Officer not being generally above £35 although the combined value when more than one Officer had been offered the gift/hospitality was clearly greater. It could be seen that when gifts and hospitality of a greater value are offered they are refused or the gift is to be raffled for a charity. The form does not record the reasons that the gift/hospitality was accepted or refused and this perhaps would enable some context to be given especially where gifts are accepted.

A Member suggested that there was no need for reasons to be recorded.

The report concluded that there are systems in place for the recording of interests by Members and the recording of offers of gifts and hospitality by Officers and Members. These are recorded and are available for public inspection on the website of the Authority. The Monitoring/Secretary stated that in terms of an annual exercise this meeting was not the best

timed given its proximity to the Annual General Meeting of the Authority when Members are appointed and suggested that it might be better to review at the September meeting. The Monitoring Officer/Secretary also sought clarification as to whether Members felt they needed to see all the individual forms bearing in mind that the registers were made available for inspection as part of the Agenda for each meeting. Ms Rae (KPMG) asked whether the Monitoring Officer/Secretary had checked the submissions against the Register of Interests published by the constituent Unitary Authorities. The Monitoring Officer/Secretary acknowledged that that was an option that was available as is the option to check details of Directorships with Company House.

**Resolved** – That a further report be submitted to the meeting of the Committee in September 2017 at which meeting the Members will consider whether they are assured by the outcome of the review.

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

**5497 PUBLIC SAFETY LIGHT TOUCH PEER REVIEW OUTCOMES** - The Group Manager (Public Support - Central) presented a report by the Director of Public Safety indicating that at the meeting on 31 March 2017 Members requested a report outlining the outcomes of the light touch peer review of Public Safety arrangements within Humberside Fire and Rescue Service conducted by Staffordshire Fire and Rescue Service in September 2016. The work was commissioned by the Director of Public Safety, new in post at that time, in order to provide insight and inform certain planning assumptions for the Service Redesign Programme (SRP) review of Public Safety. The review was conducted over a two day period, following a similar process to formal Peer Review audits, namely:

- A document review of strategic and policy documents relevant to the delivery of Public Safety;
- Meetings with a wide range of managers, staff and partners totalling 104 people.

Outcomes were fed back to the Public Safety leadership team during a hot de-brief and subsequently followed up by a written report and a number of recommendations. Outcomes from the review had been fed into the internal SRP review of Public Safety and had helped to confirm future direction. The assessment conducted by Staffordshire FRS, unlike a formal Peer Audit, was a light touch review only for the purpose of providing external insight and helping to inform planning. The review was conducted between 20 and 21 September, 2016. The review team had provided a number of recommendations for consideration and identified some areas of notable practice, which they took back as learning points for Staffordshire FRS as set out in the report. The recommendations, and other feedback, arising from the review had been fed into the planning assumptions used to design the future Public Safety structure and delivery approach, approved for implementation by the Authority on 17 March, 2017. The timeline for implementation of the re-structure will be phased over a three year period between 2017/18 and 2019/20. A copy of the outline implementation plan was attached at Appendix 1 to the report and an updated version was submitted at the meeting.

A Member suggested that this item should be deferred to the next meeting and that a briefing meeting be held with the Director of Public Safety following that meeting. Members asked questions seeking clarification of aspects of the report which were answered by the Group Manager (Public Support - Central) and the Director of Emergency Response.

**Resolved** – That this item be deferred until the next meeting of this Committee on 17 July 2017 and that a briefing meeting for Members of this Committee be held with the Director of Public Safety following that meeting, and that Members of this Committee will decide after the briefing upon the scope and timing of a further report.

**5498 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.

**5499 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.

**5500 ANY OTHER BUSINESS** – The following matters were briefly discussed:

- Meeting with Police and Crime Commissioner’s Office – The Chairperson reported that the first meeting had taken place on 23 May 2017 and the next meeting was scheduled for 30 June 2017.
- Mrs B Boyes (MIAA) – The Chairperson noted that Mrs Boyes was not present having changed her duties with MIAA and expressed thanks on behalf of the Committee for all the help, advice and cooperation she had given to this Committee over the years and stated that Members had very much appreciated the work she had done for the Committee and the Authority. Mr Lloyd (MIAA) stated that he would convey the comments to Mrs Boyes.

*Meeting closed at 11.14 a.m.*