

**HUMBERSIDE FIRE AUTHORITY****23 OCTOBER 2015****PRESENT:****Representing East Riding of Yorkshire Council:**

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

**Representing Kingston upon Hull City Council:**

Councillors Allen, Mathieson, Payne and Wilson

**Representing North Lincolnshire Council:**

Councillors Briggs (Chairperson), Grant, Sherwood and Waltham

**Representing North East Lincolnshire Council:**

Councillors Jackson and Sutton

Chief Fire Officer & Chief Executive, Deputy Chief Fire Officer/Executive Director Service Delivery, Executive Director Service Support/Section 151 Officer, Committee Manager, Mrs B Jones (MIAA) 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 Burton, Chapman MBE, Clarkson, Fudge, Sharpe and Shepherd.

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, Mrs B Jones (MIAA), Ms J Rae (KPMG) and all other persons who were present.)*

**4950 DECLARATIONS OF INTEREST** - There were no declarations.

**4951 MARK OF RESPECT** – The Chairperson referred to the recent sad loss of Firefighter Lee Gaunt of Stalybridge. All present stood in silence as a mark of respect.

**4952 MINUTES – Resolved** – That the minutes of the meeting of the Authority held on 25 September 2015 having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chairperson.

**4953 QUESTIONS BY MEMBERS** - The Committee Manager stated that no questions had been received from Members in accordance with Rule 12, Part 4 of the Constitution.

**4954 PETITIONS AND DEPUTATIONS** - The Committee Manager stated that no petitions had been received and no requests for a deputation had been received under Rule 13, Part 4 of the Constitution.

**4955 COMMUNICATIONS** - The Committee Manager stated that no communications had been received.

**4956 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

**4957 Appeals Committee – Resolved** – That the minutes of the Appeals Committee held on 25 September 2015 be received.

## INTERNAL AUDIT REPORTS

**4958 Internal Audit Update** – Mrs B Jones, Internal Audit (MIAA) submitted a report providing a progress update on the delivery of the Internal Audit Plan for 2015/16 as agreed by the Fire Authority on 16 March 2015. The Internal Audit Control Schedule attached at Appendix 1 to the report provided a strategic overview and profiled timeline for agreed Internal Audit reviews, and showed that the review of Fees and Charges was approaching completion along with MIAA activity around Change Readiness which had consisted of 8 facilitated workshops with 113 staff across the service. The workshops (run in conjunction with Corporate Communications) were designed to gather and assess evidence around the effectiveness of change readiness through a series of voting exercises to test understanding and perceptions surrounding change management. The project management infrastructure was also being reviewed. The engagement arising from the workshops had been fruitful and the outcomes were informing the scoping of other audit assignments to ensure that the planned coverage was appropriately aligned with feedback received. The specifications for planned reviews in quarters 3 and 4, to be ratified through Corporate Management Team prior to review commencement would be cognizant of the workshop feedback. Full reporting on all completed activity will continue to be delivered to the Governance, Audit and Scrutiny Committee with only lower opinion reviews triggering full reporting to the Fire Authority. All audit assignments will be completed by the end of the financial year to allow for overall conclusions to be reflected in the Authority's Annual Governance Statement.

**Resolved** – That the Authority notes internal audit progress and outcomes.

## EXTERNAL AUDIT REPORTS

**4959 Annual Audit Letter** – Further to Minute 4940 Ms J Rae, External Audit (KPMG) presented the final Annual Audit Letter in respect to the Authority's accounts for 2014/15 indicating that KPMG had issued an unqualified opinion on the Authority's 2014/15 financial statements; the Pension Fund 2014/15 financial statements included in the Authority's Statement of Accounts and that KPMG had concluded that the Authority had made proper arrangements for securing financial resilience and challenging how to secure economy, efficiency and effectiveness. Appendix 2 to the Annual Audit Letter summarised the outturn against the 2014/15 planned audit fee.

**Resolved** – That the Annual Audit Letter be noted.

**4960 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. Ms Rae drew Members' attention to the technical update with regard to the new local audit framework.

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

**4961 MANAGEMENT ACCOUNTS 2015/16 – BASED ON PERIOD ENDING 30 SEPTEMBER 2015** - The Executive Director Service Support/Section 151 Officer submitted a report containing the Authority's Management Accounts and Prudential Indicators for the period ending 30 September 2015. The summary estimated outturn position from the Management Accounts and Prudential Indicators was as follows:

- Revenue Budget - £561k underspend
- Capital Programme - £8.3m expenditure against £12.9m allocation
- Pensions Account - £11.6m deficit

The report indicated that the format of the monthly Management Accounts had been streamlined and that on a risk-based approach the Management Accounts for 2015/16 will follow the revised format, and also that the reporting cycle frequency through to the end of the financial year will be as shown in the table below:

| <u>Period Ending</u> | <u>Authority Meeting</u> |
|----------------------|--------------------------|
| 31 December 2015     | 15 February 2016         |
| 29 February 2016     | 18 March 2016            |

A copy of the accounts for the period ending 30 September 2015 was published as additional information alongside the Agenda papers for this meeting on the Authority's website. The Executive Director Service Support/Section 151 Officer referred to the capital programme and informed Members that planning permission had recently been granted for the new fire station in Hull.

**Resolved** – That Members take assurance from the report and the Authority's financial position for the period ending 30 September 2015.

**4962 BUDGET 2016/17 AND MEDIUM-TERM FINANCIAL PLAN 2016/17 ONWARDS -**

The Executive Director Service Support/Section 151 Officer submitted a report, further to Minute 4944, providing a brief update with regard to the Authority's budget for 2016/17 and Medium-Term Financial Plan for 2016/17 onwards, and outlining work that will be undertaken on the budget for 2016/17, before the next report to the December 2015 Fire Authority. Since the meeting of the Authority on 25 September 2015 further work had been undertaken on the budget for 2016/17 onwards. The current projections for the next four financial years are as follows:

| <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> | <u>2019/20</u> |
|----------------|----------------|----------------|----------------|
| £170k          | £986k          | £2.172m        | £3.4m          |
| Deficit        | Deficit        | Deficit        | Deficit        |

Members were reminded that the thrust of the report to the Authority in September 2015 signalled further financial austerity into the medium-term. Most uncertainty was attached to the years 2016/17 onwards as a result of the as yet unknown Spending Review announcement in November 2015 and the provisional local government finance settlement due in December 2015. The stance adopted by the Authority since the start of austerity (2011/12) had been to anticipate and make decisions early. That approach had served the Authority well so far.

The report indicated that in the period between now and the report to the Authority in December 2015 there would be significant work undertaken by the Finance Team on the budget for 2016/17 onwards. The report outlined the following key aspects:

- Validation of the pay budgets;
- Confirmation of Band D equivalents Council Tax base figures from the four Constituent Authorities;
- Recalculation of the Minimum Revenue Provision (MRP);
- Capital programme 2016/17 onwards;
- Interpretation of the Autumn Statement due on 25 November 2015.

With regard to the council tax precept for 2016/17 Members were reminded that the Authority had frozen its council tax precept in each of the five years 2011/12 to 2015/16 inclusive. The last time the council tax precept was increased was therefore in the 2010/11 financial year. Members will be required to make a decision on the council tax precept for 2016/17 at the 15 February 2016 Fire Authority meeting. The choice was likely to rest between a 0% change and therefore participation in the Government's freeze initiative (details of which are not yet known) or an increase close to any referendum threshold specified by Government (for 2015/16 this was set at 2%). The report indicated that a 1% increase in the council tax precept would raise approximately an additional £190k for the Authority.

The report concluded that the Authority had responded well to the austerity that had been in place since 2011/12. The Authority's financial position today was sound but further financial headwinds would challenge this in the near term and therefore the need to deliver further efficiencies before the 2017/18 financial year would remain. To this end the Service Redesign Programme will deliver efficiencies in the near term in addition to the work that will examine further Operational Efficiencies that was agreed by the Authority on 25 September 2015.

**Resolved** - That Members note the report and that the detailed budget for 2016/17 onwards be brought to the December 2015 Fire Authority meeting.

**4963 HFRS STAFF PAY AWARDS – ANNUAL UPDATE** – The Chief Fire Officer/Chief Executive submitted a report providing an update outlining the pay position of all of the staff groups the Authority employs, including current arrangements and awards made over the previous five years for comparison. It was considered important that the Authority have a transparent and detailed view of staff pay and how that is changing over time in order that Members may contextualise other reports to the Authority in respect of efficiencies and new ways of working and be able to better place the Service in the wider public sector service providers in terms of their own and/or home Authority experience. It was noted last year by the Chief Fire Officer/Chief Executive that the pay position of all staff groups working for the Authority had been somewhat under-reported in recent years. As new Members are elected year-on-year this often leaves the Authority, in part, unsighted on the pay position of its staff groups, the negotiations around pay that take place annually and the mechanisms that exist for pay negotiations for each staff group. The report now submitted was the second 'Annual Update' on pay which addresses the need to report regularly on pay matters. The report outlined the categories of staff that were covered by the Grey, Green and Gold Book terms of conditions of service. However, in addition to the process described in paragraph 7 of the report Gold Book staff have, within their terms and conditions, negotiated a further mechanism to address pay described as the 'twin track' approach which states:

*"There is a twin-track approach for determining levels of pay for Brigade Manager roles. At national level, the NJC shall review annually the level of pay increase applicable to all those covered by this agreement. In doing so, the NJC will consider affordability, other relevant pay deals and the rate of inflation at the appropriate date. Any increase agreed by the NJC will be communicated to fire authorities by circular."*

The 'twin track' approach allows Gold Book staff to negotiate pay awards locally with their employing authorities in addition to and/or separately from the national arrangements. This mechanism was originally introduced to allow for an opportunity to even out the wide variance in Brigade Manager pay around the country which often disadvantaged those at the lower end of the pay scales when accepting nationally negotiated, annual percentage increments. This approach means that a report should be submitted to the employing authority, in this case the HFA, annually to outline the national position on pay and to make a recommendation to Members with regard to a pay award, if appropriate.

The table below summarises the pay awards for each staff group in Humberside Fire and Rescue Service since 2010.

| <b>Staff Group/<br/>Pay Award</b> | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14               | 2014/15 |
|-----------------------------------|---------|---------|---------|---------|-----------------------|---------|
| Green Book                        | 1%      | 0       | 0       | 0       | 1%                    | 1%      |
| Grey Book                         | 1%      | 0       | 0       | 1%      | 1%                    | 1%      |
| Gold Book                         | 0       | 0       | 0       | 0       | 1%<£100k<br>£1k>£100k | 1%      |

Members were reminded that the period of 2010-12 represented a governmental pay cap across the public sector of an average of 1%, and were asked to note from the table above those staff groups that had received pay awards in line with the cap or had not received awards at all. In the latest budget statement the Chancellor of the Exchequer stated that he expected public sector pay awards to be capped at 1% for the next 3 years. It was the intention of the Chief Fire Officer/Chief Executive to submit a pay summary report to Members of the Authority annually, and to incorporate, where considered necessary, a pay claim for Gold Book staff members under the ‘twin track’ approach as a supplement to the pay summary report. These actions would redress the lapse in pay reporting that has occurred in recent years. As the NJC (Gold Book) offer for 2015 has been accepted by the Association of Principal Fire Officers it was not felt necessary to submit a pay claim for this staff group under the twin track approach for this year.

**Resolved** - That Members note:

- (i) That Grey book staff have accepted a pay increment of 1% for 2015/16 from the National Employers (NJC) Grey Book;
- (ii) that Green book staff have accepted a pay increment equivalent to 1% for 2015/16 from the National Employers (NJC) Green Book, and
- (iii) that Gold book staff have accepted a pay increment of 1% for 2015/16 from the National Employers (NJC) Gold Book.

**4964 CONSULTATION - ENABLING CLOSER WORKING BETWEEN THE EMERGENCY SERVICES – DRAFT RESPONSE** - The Chairperson submitted a report, further to Minute 4945, setting out at Appendix 1 the Government consultation ‘Enabling closer working between the Emergency Services’ that was released on 11 September 2015. The consultation document was considered at the Member Day on 2 October 2015 and a draft response based on the discussions at that Member Day was circulated to Members on 6 October 2015 for comment by 13 October. Comments received had now been incorporated in the draft response attached at Appendix 2 to the report, and also some further technical additions had been made by Officers that complement the views expressed by Members. Subject to any further comments or amendments by Members, it was proposed that the response at Appendix 2 be sent to the Government following this meeting as the Authority’s formal response to the consultation. The Chairperson reported that since the previous meeting he had attended meetings at the Department of Communities and Local Government and the local Government Association’s Fire Commission regarding the consultation.

**Resolved** – (a) That the response at Appendix 2 of the report be sent to Government as the Authority’s formal consultation response;

(b) that a copy of the response be sent to the Leaders of the four constituent unitary authorities and Lincolnshire County Council, local Members of Parliament and MEPs, the Humberside Police and Crime Commissioner, Chairman of the Local Enterprise Partnership and Chairmen of neighbouring Fire and Rescue Services (North/South and West Yorkshire, Nottinghamshire and Lincolnshire), and

(c) that the Authority ratify paragraph 1.4 of the response at Appendix 2 to the report and acknowledge that there is a methodology in place for looking at mergers and tasks officers to examine a business case for presentation to a Member Day at the end of November 2015.

**4965 EXCLUSION OF THE PRESS/PUBLIC - Resolved** – That the press and public be excluded from the meeting for consideration of the following item (Minute 4966) on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

*(In making its decision the Authority 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).*

**4966 FUTURE PROVISION OF OCCUPATIONAL HEALTH SERVICES** - The Chief Fire Officer/Chief Executive submitted a report, further to Minute 4880, informing Members of the outcome of the consultation that had been carried out in relation to the future provision of Occupational Health (OH) services and to recommend to Members an option for the future delivery of OH services. Members were reminded that a report was submitted to the Authority in June 2015 seeking approval to initiate a consultation exercise with regard to three potential future options for Occupational Health (OH) service delivery:

- To review and restructure both OH functions independently;
- To pursue a joint (in-house) OH function which supports both organisations (Humberside Fire and Rescue Service (HFRS) and South Yorkshire Fire and Rescue (SYFR));
- To progress the outsourcing of both OH functions by securing an external provider for both organisations (Outsourcing is not dependent upon both organisations agreeing. Outsourcing is an option for each service separately but a joint approach has the possibility of achieving greater value for money/efficiencies).

The consultation ran for a period of 12 weeks and a summary of the outcomes was attached at Appendix A to the report. The Chief Fire Officer/Chief Executive informed Members that following further consideration he would now recommend that Officers should explore the option to outsource the delivery of Occupational Health service provision and to bring a further report in 2016 recommending a definitive way forward for OH provision in HFRS Service.

**Resolved** - That Members approve the Chief Fire Officer/Chief Executive's recommendation to explore the option to outsource the delivery of Occupational Health service provision and to bring a further report in 2016 recommending a definitive way forward for OH provision in Humberside Fire and Rescue Service.

*Meeting closed at 11.07am*