



ethics, transparency & audit panel

Building public trust in policing and fire and rescue



Draft V03

Item 1

MINUTES OF THE ETHICS, TRANSPARENCY AND AUDIT PANEL (ETAP) FIRE & RESCUE MEETING held on Wednesday 11 December 2019

Present:

ETAP members	Officers
Alan McEntire (AM)	Michelle Ryan - SCO Assurance Manager (MR)
Bob Simpson - (BS) Chair	David Greensmith - SCO Director of Finance / FARS Director of Finance (DG)
Clare Cowley (CC)	Becci Bryant - FARS Chief Fire Officer (BB)
David Davies (DD)	Corrina Bradley - FARS Financial Services Manager (CBR)
Emma Christmas (EC)	
Jane Barr (JBA)	
Jane King (JK)	Also in attendance
John Wheatley (JW)	Alex Cannon - Staff County council ICT Audit Manager (AC)
Sue Finney (SF)	Lisa Morrey - Grant Thornton Assistant Manager (LM)
Sue Westacott (SW)	Lorraine Noak - Grant Thornton Audit Manager (LN)
Tony Wilmot (TW)	

1. (i) Declaration of interests and apologies.

Declarations of Interest - No Declarations of Interest were received.

Apologies ETAP members Alan Edwards (AE), Craig Brown (CB), Victoria Farrar SCO Head of Governance and Assurance (VF) and Glynn Dixon SCO Chief Executive (GD).

Minutes & actions of the meeting held on the 23 October 2019

Minutes of Previous Meeting

Page 2 – Actions from previous meetings, Item 2 life expectancy response from LN, should read 20 year cohort

Page 3 - paragraph 3, words to read greater resilience of teams

Page 4 - last paragraph under item 3 (ii) to read we will be writing a report (not reports)

AGREED - That the minutes of the meeting held on the 23 October 2019 to be confirmed as an accurate and true record.

Actions

Updates to actions from previous meetings

- Item 1 - Internal Audit Report – to advise on the date for Disaster Recovery - carried forward to February 2020 meeting
- Item 2 - Confirmation of Delegated authority - carried forward to February 2020 meeting
- Item 3 - Confirmation of penetration testing - carried forward to May 2020 meeting
- Item 4 - Confirmation of payroll records being corrected and updated - completed

Following on from Item 4, it was also mentioned, relating to the National Fraud Initiative 2018, that 46 payroll to payroll matches outstanding.

ACTION: AC to advise on the outstanding 46 payroll to payroll matches

Any updates from last meeting

Members held pre-meetings today with the Commissioner and with GD and JK.

2. Deputy Chairs feedback

i. Chair of the Finance Panel - Alan Edwards (AE)

Due to AE's absence today, BS presented his report.

AE's report covered key areas from Finance Panel meetings including:-

- Monthly Finance monitoring
- Medium Term Financial Strategy update (on today's agenda)
- Treasury Management (on today's agenda)
- Internal audit report

BS thanked AE for his report

ii. Chair of the Thematic Review - David Davies (DD)

DD, due to annual leave, we have not met up to discuss the Thematic Review on Fire Protect Programme. We are now continuing with this review.

DD confirmed that 11.25 hours have been claimed to date on this review.

DD thanked FARS for their responses so far which have been very positive.

BS thanked DD for this report

3. Police, Fire and Crime Panel

SF advised that she was unable to attend the last meeting due to floods in the area. She instead listened to recording on the SCC website.

SF confirmed that the key discussions in the meeting included:-

- An MTFS update for both Police and Fire;
- Comments on the Emergency Services Mobile Communication Programme (ESMCP) nationally will cost an additional £1 billion.
- Public Works Loan Board (PWLB) rate that has increased; DG assured that this was still at a very competitive rate.
- Questions on collaboration and a comment was made that this is working well.

The agenda, reports and agendas are available on the SCC website.

The next meeting of the PFCP will be on the 10th February 2020.

BS thanked SF for her update.

4.

(i) MTFS update

DG advised that the MTFS update was reported to the PFCP meeting on the 28 October 2019, to the Strategic Governance Board and to the ETAP Finance Panel on the 19 November 2019.

Key areas in the update included:-

The good news is that it has been confirmed that the funding levels allocated by the Home Office, will be increased by a business rates multiplier (CPI).

The overall precept level will remain at 1.99%, however, we have responded to the technical consultation putting forward our view that there should be for some additional flexibility around this level.

Next year, assumptions have been made that Revenue Support grant will reduced over the medium term. There are also a number uncertainties around the pension grant that we receive to cover off 90% of the additional employer contributions of the Fire Fighters Pension scheme.

In the current year, £0.50m savings are in track. These include savings from the reduction of station managers' roles and savings from our annual Dragon Den exercise.

Moving forward, as we are looking at a medium term gap of £3m, we need to ensure that we are taking the right steps and planning adequately until there is more certainty around our funding.

Risks include:-

Pension contributions, at the moment the Government is funding 90% of the £1.8m additional pension contributions. Whilst we believe this will be paid in 2020/21 this is yet to be confirmed. In addition, we have the remedy to implement from the Sargeant & McCloud legal case rulings and this will mean a considerable amount of work.

Revenue Support Grant has reduced by £9m since 2012. Whilst this is steady for next year it is likely to be reduced into the medium term.

There are pressures from the ESMCP, we do not know what these costs will be as the updated business case is yet to be presented.

Regarding the business rates for Staffordshire, although we have applied for a rollover of the 70% terms, we have not yet had this confirmed. We may need to return to the 50% retention rate next year.

BB members were briefed on the issues and potential pension costs in the Pension Fire remedy following the Sargeant and McCloud legal cases. This is a complex remedy, it means working out the pension costs for every single member of three pension schemes. Another issue is the cost of any compensations claims for people who have been moved to other pension schemes.

Q: JK, regarding the MTFS assumptions, the utilities cost increase of 5%, is this a significant part of the budget?

A: DG, this is not material part of the budget, the assumption is that utility costs have generally increased with inflation.

Q: AM, in the savings you mentioned a review of Protect and Prevent, how was this achieved?

A: DG, these savings were as a result of a review of Prevention Team .This included how we do this work and how this is delivered.

BS thanked DG for this report

NOTED: Members noted the contents of this report

(ii) Treasury Management Report

DG presented this report which reviews the Treasury Management activities of Staffordshire Commissioner Fire and Rescue Authority for the year ended 30 September 2019

Key areas in the update included:-

- Borrowing Strategy – the overall position there were £17.5m of long terms loans and £0.50m was repaid during the year.
- There are no additional borrowings anticipated in the year and this is supported by the cash balances.
- The overall cost of the borrowing shows savings of £120k due to the utilisation of cash along with requirements of loans which has been in line with the policy.
- There is £18.5m of cash invested with local authorities and overall last year we received interest of circa £30k better than budget and we expected to be in a similar position in this financial year.

BS commented that he is pleased that DG is being prudent on income.

Q: TW, the interest we received from investments with different local authorities seems to be paying a higher rate of interest, are these rates better than other available rates?

A: DG, the rates we receive are between circa 0.8% and 1%, these rates are higher than other available rates and higher than we would receive from UK Debt Management Office.

Q: JK, Banks offer a certain level of personal protection built, is this available for on corporate investments?

A: DG, there is no protection on these investments; we do try and minimize our investments which are short term and triple AAA rated.

BS thanked DG for his report.

NOTED: Members noted the contents of this report

5. Internal Auditors Staffs County Council (SCC)

Progress update

AC presented the update on the progress against the SCC 2019/20 Internal Audit Plan.

Since the last ETAP meeting in October:-

Fire Fighter Pensions Audit - Field work has commenced with onsite testing has commenced during December 2019;

Police- Fire Collaboration – this has been completed and a draft report has been produced and submitted to Police Internal Audit for review;

Cyber Security Patch Management – this has been completed and the final report has been issued this week with a **substantial assurance** opinion. This report will be presented to the next ETAP meeting in February 2020.

Firewatch Application Audit – this has been finalised with a **satisfactory assurance** opinion and with 8 low level priority recommendations. The management summary of this report is attached in Appendix 1.

5 recommendations have been implemented and there is a slight increase in the number of recommendations to be implemented due to the Firewatch Audit. Out of the outstanding recommendations, only two are overdue and these are relating to Fire Integra – System Security and insurance arrangements.

There has no changes to the Internal Audit plan for 2019/20

BS thanked AC for his report and for the assurance that reports are on track.

6. External Audit Grant Thornton

Progress report

LN confirmed that in November 2019 they started planning for next year's audit and this included a meeting with DG and CBR and an our interim audit in February 2020.

On page 5 of the report are the details of the fees and on page 6 there is a table of the audit deliverables. The audit plan will be presented to the next ETAP meeting in February 2020.

Q: BS, regarding additional audit fees, have you made any submissions to the National Audit office?

A: LN, the consultation period has come to an end and yes, Grant Thornton has made a submission. We are sure that there will be changes based upon new VFM requirements.

Q: DG, what is your opinion on 2019/20 fees. Can we expect additional fees as the pension issues will still be 'live' during the audit and the sign off period?

A: LN, the audit fees will need to be increased to ensure that the quality is delivered. The pension issues and the FRC requirements will still be the same as this year.

Q: DG, have the fees for next year been announced yet?

A: LN, although not formally agreed by the PSAA, it is anticipated that fees will remain the same next year as in 2018/19.

BS thanked LN for this update report.

7. AOB

Date and time of next meeting Wednesday 5 February at 2pm.