

MINUTES OF THE ETHICS, TRANSPARENCY AND AUDIT PANEL (ETAP) FIRE & RESCUE MEETING held on Wednesday 29 May 2019

Present:

ETAP members	Officers
Bob Simpson - (BS) Chair	Glynn Dixon - SCO Chief Executive (GD)
Alan McEntire (AM)	Victoria Farrar – SCO Head of Governance & Assurance (VF)
Craig Brown (CB)	Jean Cass - SCO Governance Lead (JC)
Claire Cowley (CC)	Fire Officers
David Davies (DD)	Becci Bryant - FARS Chief Fire Officer (BB)
Emma Christmas (EC)	David Greensmith - FARS Director of Finance (DG)
Jane Hackett (JH)	Corrina Bradley - FARS Financial Services Manager (CBR)
Jane King (JK)	
John Wheatley (JW)	Also in attendance:
Sue Finney (SF)	Alex Cannon - Staffs County Council ICT Audit Manager (AC)
Sue Westacott (SW)	Lorraine Noak - Audit Manager Grant Thornton (LN)
Tony Wilmot (TW)	

BS confirmed at this morning's meeting appointments were made to the posts of Chair (BS) and Deputy Chairs (AE) and (DD).

1. Declaration of interests and apologies.

Declarations of Interest - No Declarations of Interest were received.

Apologies

ETAP members Alan Edwards (AE)

Minutes & actions of the meeting held on the 27 March 2019

Minutes of Previous Meeting

One correction – Corrina Bradley to referred in the minutes as (CBR)
Page 3 first bullet point to read (CBR) and page 4 line 7 to read (CBR)

AGREED - That the minutes of the meeting held on the 27 March 2019 to be confirmed as an accurate and true record.

Actions

Updates to actions from previous meetings

Item 1 - Review of Internal Audit arrangements carried forward

BB updated the Panel on two issues including:-

The multi-year pay proposal by the NJC, 13.75% increase over three years, has been rejected by the FBU and negotiations are continuing;

Following the challenge to the Treasury and Home Office relating to the increase in employer contribution rates, we have now received a grant to cover 90% of the increase in 2019/20. We have not received any notification that this will be carried forward to subsequent years.

2. Internal Auditors - Staffs County Council

AC presented these two documents.

- i. Outturn covering report
- ii. Outturn report 2018/19

AC presented the Annual Outturn report which includes progress against the audit plan and the overall annual audit opinion.

During the year 2018/19, 203 controls were examined as part of 11 audits; 158 were found to be adequate, 26 were partial controls and 19 were found to be weak;

Since the last ETAP meeting in March 2019 the following audits have been completed as follows:-

Project Management – Fire Transformation Fund

Substantial assurance opinion with one low priority recommendation

Firefighters Pensions

Satisfactory opinion with 3 medium and 10 low priority recommendations

Efficiency Plan

Substantial assurance opinion with one low priority recommendation

Cybersecurity Preparedness and Response Effectiveness

Substantial assurance opinion with 2 medium and one low priority recommendations

Integra Security

Satisfactory opinion with 3 medium and 4 low priority recommendations

Counter Fraud & Corruption Work

Overall, the fraud and corruption work carried out in 2018/19 indicated that satisfactory counter fraud and corruption arrangements are in place.

All audit opinions awarded during the year of have been positive, with 8 out of the 11 being substantial assurance; the highest % of opinions awarded since 2014/15.

Overall audit opinion, is a '**substantial**' assurance for the year.

During this financial year, 21 out of the 38 recommendations have been implanted with 2 recommendations being risk accepted. These risks related to the Community Interest Company and the absence of performance targets.

BS thanked AC for this report and asked members if they had any queries or comments.

Q: DD, as raised at the previous meeting, the increase in charges by internal audit, could you qualify the 3% increase?

A: AC, the increase relates to an incremental drift in pay scales, pay awards and 2% inflation on non-staffing items.

Q: TW, do you have any experience of comparing with other fire services?

A: SC, I personally do not have any experience in this area.

BB confirmed that they do compare the fire services nationally on absences.

BS, as an audit committee, we should take a great deal of assurance from the work of internal audit and the work of the management team.

3. External Auditor – Grant Thornton

i. Progress report

LN confirmed the interim results with the progress report, detailed on page 4 onwards under Financial Statements column, the audit work was completed in March and there were no issues to bring to the Panels attention.

Draft accounts were received on the 22 May, the first set of public accounts that LN had received. The final audit starts on the 7 June.

LN confirmed that they found only one risk. This was under 'informed decision making', this relates to the new governance arrangements between the Commissioner and the Fire Service.

Under Audit deliverables, the next piece of work that the panel will receive is the audit findings report, this is due to be resented to ETAP at the July meeting.

Substantive testing has been completed up until month 09; this make the audit work more efficiently.

BS thanked LN for this report and asked members if they had any further questions.

Q, BS, any issues on the VFM side

A, DG not envisaged any VFM issues.

Q: SF, have discussions started to look at the two internal auditor services carrying out a join collaboration work?

A: DG, we now have a date in our diaries in June to start to scope this piece of work.

4. Overview of the accounts

DG presented an overview of the 2018/19 draft accounts

Highlights included:-

Financial Summary

The final outturn delivered a balanced position overall;
Exceeded savings target for the year;

Direct contribution to Capital of £0.40m;
Capital expenditure of £2.6m with savings achieved in year;
Investments of £14.1m as at year end with strong cash flow monitoring;
Capital financing requirements £ 24.4m;
General Reserve £1.9m

Reserves position

General Reserves was unchanged at £19m
Useable Reserves held by the Service total £7.1m (down by £1.2m)
Reserves contribution to Revenue Account £0.4m
Total Reserves £14.2m, of which £9m (63%) can be accessed by the Service
Reserves Strategy update and approved in the year

Balance Sheet Review

Balance sheet show a deficit of £ 421m, this includes total pension deficit of £ 477m,
Net assets of £56m
Total cash investments of £14.1m
Long term borrowing of £18.1m
Gross Debt remains unchanged at £24.4m

Contingent Liabilities

DG confirmed that two contingent liabilities were noted in the accounts; the age discrimination case (McCloud /Sargeant) and the Mid and West Wales pension updates.

BS thanked DG for his presentation and asked members if they have any questions?

Q: CB, you overspent on pay this year during the dry summer months and I wondered if you were expecting the same this year?

A: DG, we have had conversations on this subject and yes are preparing for another hot summer.

BB added that we do need to have things in place for this summer and also look at the long term effects of the weather. We are exploring 'seasonal crewing' looking at an example a model from the Cornwall Fire Service.

Q: BS, you are currently holding a number of vacant posts, what would be the impact be if these were all in post.

A: BB, the on-call system is a challenge, but we are scheduled to have an additional 50 fire officers in place this year. We have looked at the level of pay awarded to our on-call officers, this is a budget that is underspent each and we therefore have reduced this in this financial year.

Q: SF what are the challenges that you face recruiting on-call fire officers?

A: BB, it is a range of factors and there is no one simple answer. The on-call system was developed in the 1940s, most people live closed to where they worked. This is now very different with a number of industries closing in local areas. Another challenge is people wanting to be on-call as well as having their full time job. JCB use to release people, but following their own challenges, JCB are no longer able to release staff. This year we have changed the way we recruit including looking at ways that we can increase the retention of staff.

Q: JK what's the profile of the whole time officers.

A: BB, We do look at our establishment figure and look at when we are due to recruit. We know that we have run a Transferee programme and we have 6 new recruits will be starting in the summer this year. It is likely that we will need to run a whole time recruitment in the autumn of next year. It is a balancing act, but we do know the profile of our officers.

Q: TW, community engagement and education is vital to the service, going forward how you see these key roles being affected.

A: BB, it is important to understand that all of the staff who ride on fire engines today are involved in community prevention. The impact is that we will do less if we have less of those individuals available to deploy into those roles. However, we do have a dedicated Prevention Team who deal with the most complex of cases. In terms of the schools education, the Safe and Sound Programme is delivered by our volunteers with the support of two full officers who coordinate visits. By the end of this year it is anticipated that we would have delivered the programme to over 10,000 young people across the county.

BS noted that there is a lot of confidence of the detail in the accounts and he paid thanks to the assurance given to the ETAP by DG and his team. Due to the levels of assurance, the Finance Panel only now receive the accounts on a bi-monthly basis.

5. AOB

Date and time of next meeting Wednesday 24 July at 14.00