

**MINUTES OF THE ETHICS, TRANSPARENCY AND AUDIT PANEL (ETAP) FIRE & RESCUE MEETING held on Wednesday 28 October 2020
(Virtual meeting held on MS Teams due to Covid19)**

Present:

ETAP members	Officers
Alan Edwards (AE)	Glynn Dixon - SCO Chief Executive (GD)
Bob Simpson (BS) Chair	Jean Cass - SCO Governance Lead (JC)
Craig Brown (CB)	Victoria Farrar - SCO Head of Governance and Assurance (VF)
David Davies (DD)	Fire Officers
Emma Christmas (EC)	Becci Bryant - Chief Fire Officer (BB)
Jane Barr (JBA)	David Greensmith - FARS Director of Finance (DG)
Jane King (JK)	Corrina Bradley - FARS Financial Services Manager (CBR)
John Wheatley (JW)	
Sue Finney (SF)	Also in attendance:
Sue Westacott (SW)	Angela Ward - RSM Audit Manager (AW)
	Lorraine Noak - Grant Thornton Audit Manager (LN)

SCO - Staffordshire Commissioner's Office
Force - Staffordshire Police Force
FARS - Staffordshire Fire and Rescue Service

1. Declaration of interests and apologies.

Declarations of Interest: - No Declarations of Interest were received.

Apologies: ETAP member Tony Wilmot (TW), Daniel Harris Partner RSM (DH) and Mark Stocks Partner Grant Thornton (MS).

Minutes & actions of the meeting held on the 27 May 2020

Minutes of Previous Meeting

AGREED - That the minutes of the meeting held on the 27 May 2020 to be confirmed as an accurate and true record.

Actions

Updates to actions from previous meetings

- i. Revised delegated authorisation, all sent through to West Yorkshire pension fund - completed.
- ii. Penetration testing, carried forward CBR & AW to action. (Concern was expressed by members that this item had been an outstanding action for a considerable time)

2. Deputy Chair's Feedback

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

AE advised that the Finance Panel has met twice since the last ETAP meeting. At the last meeting in October, the panel received the budget report for the end of September. This confirmed that financial spend was below budget in both pay and non-pay items and approx. £500k had been sent of the Covid budget. The Capital Programme has been cut back with delays in the start of refurbishments at Abbots Bromley and Brewood Fire Stations. Overall the cash position remains very healthy and the panel noted the good position of finances going forward.

At the last meeting the panel reviewed the draft set of accounts and asked for additional narrative to be added to accounts.

At the last meeting, the panel reviewed the MTFS update and the panel noted that due to the expected significant reduction in council tax, the gap is expected grow between income and expenditure. This means that there are further pressures on the service growing ahead.

DG, as a result of the comments made at the Finance Panel meeting, the Commissioner's statement has been adjusted at the front of the accounts.

Q: BS, is there an AGS for FARS along the same lines as the SCO and force produce.

A: VF, this has been discussed and will be revisited for next year's statement.

BS thanked AE for his update

ACTION: VF to revisit the AGS document in early spring 2021.

iv. Deputy Chair of Thematic Reviews – Jane King (JK)

JK gave a verbal update on the current work of members.

Fire Protect Programme

The draft has now been returned to BB for final fact checks and the final report will be presented at the Strategic Governance Board (SGB) meeting in November.

Impact of Covid19

Members will be looking at the lessons learnt from Covid19, This will cover the force, the SCO and FARS and will include JK, TW and CB and will be concluded in this financial year.

BB confirmed that she is happy to be the contact for the Covid review.

Q: BS, asked BB, as this was the Fire Protect as the first Thematic Review for ETAP, what were her thoughts on how this review was conducted?

A: BB, I was able to comment on the on-line session which was very helpful and it was unfortunate that Covid did get in the way of a lot of the evidence gathering.

BS thanked JW for support on the Fire Protect Report and JK for her update on thematic work.

3. Police, Fire and Crime Panel (PFCP) (verbal feedback)

SF advised that she attended the last PFCP meeting as an observer on Monday 26 October 2020, the main item on the agenda was an update on the MTFS

The PFCP raised similar concerns as raised in the force's meeting. These were around the effects of Covid, the unpredictability of estimates for inflation and pay awards, going forward changes to the council tax base, the council tax deficit and changes to business rates pooling formula.

The PFCP commented on the clarity of the papers presented to them and commented on their appreciated of the work of the Emergency Services during the pandemic.

BS thanked SF for her report

4. Internal Auditors - RSM

i. Progress update Report

This summaries all reports and progress in 2020.21 Audit Plan Programme. All areas are on track as per the programme.

There is one potential change in the plan and discussions are taking place to delay the Partnership Report until next year.

ii. Collaboration Report (also on the Police agenda)

This piece of work was initial started with Internal Auditors from Staffs Country Council earlier on in the year and there are now 3 or 4 actions outstanding from the original report

The conclusions of the audit report were that it has confirmed that generally the project management and governance arrangements contributed to the successful delivery of the first phase project. A framework is in place for operational decisions and responsibilities, albeit some gaps and further enhancements (both of these areas have been identified)

iii. Absence Management Report

The aim of the review was for the service to take assurance that staff absences are being managed effectively, in line with established Policies and in accordance with the Collaboration agreement with the Fire Service and Staffordshire Police.

The conclusion of the audit was that an adequate control framework is in place for governing Absence Management from a design perspective, RSM's testing has identified that controls are not always consistently applied.

Areas of improvements have been noted which has resulted in the agreement of one medium and four low priority management actions

Q: GD, when we look at the days lost due to sickness, the consideration is normally both long and short term, the sample in the report only mentions short time absence?

A: AW, I am sure that both long and short term sickness were included.

ACTION: AW to check the wording on sickness reporting in the Absence Management Report and report back at the next ETAP meeting in December 2020

iv. Safeguarding - Mental Health Wellbeing Report

This report looked at the existing Mental Health framework in place. As part of the testing, staff were sent a questionnaire, of which there were 179 replies. Overall there was a very positive response to the questionnaire, with 80% of staff stating that they were aware of how to access mental health and wellbeing support, if required. There was however, a theme arising from the responses, this was to enhance communication around the offerings and accessing such offering.

The conclusion of the audit was that there is an appropriate control framework in place for governing Mental Health and Wellbeing. The work confirmed that there are adequate controls in place, however, testing identified that the controls are not always consistently applied.

Areas of improvements have been noted which has resulted in the agreement of three 'medium' and one 'low' priority management actions.

Q: SF, in the Safeguarding and Absence Management reports there is a note that the controls were not always consistently applied and have failed, could you comment please?

A: AW, the control frameworks in both cases were found to be pretty robust and the incidents we found of non-compliance in our opinion were very minor and therefore we are happy with the positive assurances.

Q: SF, are you saying in all cases of non-compliance no damage would be significant?

A: AW, this is the case.

BS comment that we have well controlled from Internal Audit reports on the Safeguarding Mental Health Wellbeing and the Absence Management and passed on his thanks to BB

Q: BS, looking at the Collaboration Report, could you comment please where the savings have been made and who has benefited from these?

A: DG, the saving has been spread across all three organisations. Shared services are not all ways cheaper, they are some areas of the shared services that are working well and there are some not so well.

BB added, in relation to the Dragon's Den approach, for the first time the Heads of Service will be involved and will need to look for savings from across all services whether there are for one service or from all shared services.

Q: BS, could you identify where some of the savings have been spent?

A: BB, this year the Commissioner agreed a proposal to employ three new Fire Safety/Audit Officers. This is an example of a clear demonstration of savings being reinvested into service delivery.

DG commented that there will be elements of savings that have gone to reserves and some in to the delivery of the financial challenges faced by the Group. We do not have an extract tracker but some saving have been reinvested into service delivery as the example given by BB.

BS thanked AW for her reports and updates.

5. Final Statutory Accounts - David Greensmith

DG advised that this is the second set of accounts produced since the changes in governance arrangements in August 2018.

The draft accounts signed off by myself, as Chief Financial Officer in May and were presented at the ETAP meeting on the 27 May 2020.

This has not been a normal year with the lockdown starting on the 23 March, the Finance Team did really well to have the accounts draft accounts produced on time to the time scales.

With the impact of Covid, the audit was extended from June until the end of October this year.

All adjustments suggested by Grant Thornton have been incorporated into the accounts as presented today; the adjustments are noted on page 21 of the accounts.

The most substantial adjustments have been as a result of the re-running of the auctorial report. This have been required as result of the pension ruling on the age discrimination.

DG advised, that as discussed in this morning Police meeting, the accounts cannot be signed off until the FARS LGPS Assurance letter has been received. This letter is anticipated this week.

Q&A Session

Q: BS, does the finally pension adjustment have a material effect on the accounts?

A: DG, The pension liability has moved this year and odes put a significant whole in the balance sheet. The issue is re-running the pension auctorial for both the Fire pension schemes which is more work for the audit teams.

Q: BS, LGPS is revalued every three years, is the same carried out for the Fire Pension Scheme?

A: DG, Yes the Fire Pension Scheme was last revalued in 2016.

BB added they have already dealt with the added consequences of earlier pensions re-valuations.

BS thanked DG for his presented of the accounts

6. External Auditor - Grant Thornton

LN advised that this not has been the easiest of years on both sides with working remotely, but with dedicated workings on both sides the audit has been complete.

LN introduced Grant Thornton's IS260 report which summarised their key findings from their audit.

Key findings of the report included:-

Pages 3 - 5 is the outline of the findings from the audit

Page 4 includes the adjustments made to the draft accounts, mainly these were pension adjustments.

LN confirmed that the audit report **opinion will be unqualified** but includes an Emphasis of Matter paragraph, highlighting PPE and Pension valuation material uncertainties.

Value for Money, **unqualified opinion** as there were no significant matters identified.

Page 6 - no changes to the materiality levels since the original plan.

Page 24 - one item to bring to member's attention. This is in relation to PFI and is an unadjusted element in the accounts and has to be reported each year.

Page 25, details the fees. LN confirms that all fees have to be agreed with PSAA.

Q: BS, the two items on page 20 of the action plan have these been agreed?

A: DG, yes both of the action been agreed?

Q: SF, could LN, comment further please on the fee variation of £20k?

A: LN, the time spent on the audit this year has doubled this time and hopefully some of this will be funded.

Q: SF is it good use of public money?

A: LN, unfortunately, we are governed by standards and if we find a figure that this materially different we do need to pursue this.

Q: AE, looking at the number of amendments, how do these to compare to other clients?

A: LN, this does depend upon the audit client, fire pension was always going to be one effected by the Redman ruling and there has been more disclosures this year.

BS, advised that it's the last meeting for LN as she is now retiring. On behalf of the panel BS paid his thanks to LN and wished her a very long and happy retirement.

BB added her significant thanks to LN for her work on the audits over the past five years and also to CBR and her Team for their work on the audit.

AGREED: Subject to the pension letter being satisfactory, ETAP members agreed their approval for the sign off of the Fire Statement of Accounts for the year ending 31 March 2020
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7. MTFS Update

DG advised that the report was a MTFS standard update as reported to the PFCP for their meeting on Monday 26 October. The update was difficult to pull together due to the uncertainties of Covid19.

For the last 10 years, the FARS has seen a surplus on council tax collection, but next year there will be deficit in the fund.

After talking through the update, DG confirmed that for next year, there is an increasing financial gap, with additional of £900k 2021/22, this is on top of the existing gap of £900k.

DG assured the panel that he will continue to work with the Chief Financial Officers within Staffordshire and the billing authorities to ensure that they have as much information as they can moving into the next budget process in January 2021.

BB, added that the next couple of years could be prove to be extremely financially challenging. For the org. Whilst DG has advised of the issues related to income generation locally through various different tax routes, there are other elements that are also outside of the control of the Fire Service. These include, the levels of pay awards over the next 2-3 years, the revaluation of the pension scheme which is due this year and the other pension grant issues. There are number of options, some which are being presented to the Commissioner, if these are made will see the Fire service move into stronger position as they underpin the MTFS going forward.

GD added, in general the Commissioner is doing his upmost to influence the future financial arrangements and has regular discussions on these matters with the Minister. The Commissioner he feels more positive about next year's arrangements than we are included in this update.

BB, she is hoping that Commissioner can present to the Minister the details of the significant work that the service has done over the past 10 year to trim itself. Staffordshire Fire Service is extremely lean, compared to neighbouring fire services, having made a number of difficult decisions over the past years.

BS thanked DG for his update.

8. AOB

Date and time of next meeting Wednesday 9 December at 14.00