

DRAFT V02

MINUTES OF THE ETAP (FIRE & RESCUE) HELD ON TUESDAY 7 FEBRUARY 2019

Present:

ETAP members	Officers
Alan Edwards (AE)	Becci Bryant - FARS Chief Fire Officer (BB)
Alan McEntire (AM)	David Greensmith - FARS Director of Finance, Assets and Resources (DG)
Bob Simpson (BS) Chair	Corrina Bradley - FARS Financial Services Manager (CB)
Craig Brown (CB)	Jean Cass - SCO Governance Lead (JC)
David Davies (DD)	Victoria Farrar - SCO Head of Gov & Assurance (VF)
Emma Christmas (EC)	
Jane Hackett (JH)	Also in attendance:
Jane King (JK)	Lisa Morrey - In Charge Accountant Grant Thornton (LM)
John Wheatley (JW)	Mark Stocks – Engagement Lead Grant Thornton (MS)
Sue Finney (SF)	Alex Cannon - Staffs County Council ICT Audit Manager (AC)
Tony Wilmot (TW)	
Clare Cowley (CC)	
Sue Westacott (SW)	

Declaration of interests and apologies

Declarations of Interest - No Declarations of Interest were received.

Apologies Glynn Dixon SCO Chief Executive (GD), Jane Heppel OPCC Interim Director of Finance (GD), Ralph Butler SCO Head of Strategy (RB), and Rob Barber FARS Deputy Chief Fire Officer (RB) and Lorraine Noaks Manager Grant Thornton (LN).

1. Minutes & actions of the meeting held on the 10 December 2018

Minutes of Previous Meeting

AGREED - That the minutes of the meeting held on the 10 December 2018 to be confirmed as an accurate and true record.

Matters Arising - BB gave update against an item raised at the previous ETAP meeting relating to the court case from 1992 Pension Scheme under an age discrimination

ruling. The Employee side had taken the Employer side to court and, the Employment Tribunal have since ruled in favor on the Employee side. The Employer side have lodged an appeal with the Supreme Court against this decision and we are awaiting a decision if the Supreme Court if they will accept this appeal or not.

ETAP members had previously ask what the costs may be if staff were being put back on to the 1992 pension scheme. A broad indication, with the caveat - based upon estimated calculations only and this is not based upon an individual basis, there is a likelihood of a payment would be in the regional of £2m - £2.3m to return all those involved to the old 1992 Pension Scheme.

BB added a further caveat – we do not have clarity on;

1. If the appeal would be heard by Supreme Court;
2. What the employer contribution requirement will be for the backdating would be;
3. What the employee requirement will be.

Q: TW have you heard from the Home Office if you would receive assistance with the legal costs the costs?

A; BB no we have not heard back from the Home Office.

Q: BS, do you know what the costs are in relation to this case and legal costs?

A: BB, this is estimate only based upon employer costs only. No legal costs are known at the moments and also do not take into account the ongoing employer costs.

Q: SF, the effected employers can choose if they want to go back to the 1992 scheme or stay on the 2015 scheme?

A: BB, Yes, we do not have clarity on this situation at the moment, but it is my expectation that employers can choose if they wish to stay on their current scheme or return back to the 1992 scheme.

BS thanked BB for her update on this case.

2. Deputy chair's feedback Alan Edwards (AE)

AE confirmed that the Fire Finance Panel now receive Bi-monthly updates from the given the relatively modest movements in FARS finances.

The Panel welcome the tight financial controls in place and noted the forecast outturn would be in line with the original budget. The Panel also noted that the capital programme is now likely to fall within the budget and the relatively strong cash and reserves positon.

The Finance Panel which also received the Reserve Strategy and draft budget which are also on the agenda meeting.

We also discussed Internal Audit and noted that Finance Panel will be reviewing internal audit arrangements during August 2019.

ACTION: ETAP to review the Internal Audit arrangements at the October meeting

Q: CB, the percentage of 4.8% General Reserves, what is the target?

A: DG, no, there is no a target for General Reserves. However, we would not would not wish to hold a higher levels than at present.

3 Budget 219/20

- i. Revenue Budget Report 2019/20 (incl Precept and MTFS)**
- ii. Capital Strategy and Capital Programme**
- iii. Treasury Management Strategy 2019/20.**

DG introduced these papers and advised the following highlights:-

The Settlements Funding for 2019/20 includes a reduction in Revenue support Grant of circa £0.6m;

The overall reduction in RSG of £4.8m during 4 year period 2016/17 to 2019/20;

Council Tax increase is proposed at 2.99% equivalent to £2.20 per annum (4 p per week.) This bring the costs of the Band D Council Tax to £1.45 per week;

This increase in referendum limit for 2018/19 and 2019/20 allowed a reduction in the targeted efficiency savings by £0.5m.

As a result of changes in the Governance arrangements in 2019/20, savings have been made in the region of £0.5m against the Earmarked reserve.

DG also advised that of three big pressure cost areas, post 2020 included in the gap in the MTFS, where costs are going up by up to £3m.

Three big costs pressure areas:-

- Significant pay increase costing up to an £1.3m;
- Circa £1.1m for additional Pension rate increases from an average employers contribution rates increasing from 17.6% up to 30.2% (for 2015 Pension Scheme);
- Additional costs of approx. £600k for RPI and cost pressures.

DG added that there is not no real growth from our overall funding.

DG concluded that whilst we do have a balance position for 2019/20 beyond this is going to be a challenge to prepare for the future and to address the £3m gaps as discussed above.

Q: AE, one of the significant increases you mention is the employer's Fire Fighters pension costs of circa £1m – what's the probability of this cost being covered by the government?

A: DG, there is a chance the Home Office may cover this, but at the moment this is unknown.

Q: SF, do you have any opportunities to generate income?

A, DG, Yes, various income is generated and this is put through the Safer Communities CIC (Communities Interest Company)

Q: SF, are all the costs covered?

A: DG, Yes absolutely the CIC is operated within the guidelines and recovers all the associated costs.

NOTED ETAP members noted the Fire Budget Precept and Budget for 2019/20

4. Internal Auditors – Staffordshire County Council

AC presented the SCCs progress report with actions completed since their last report to ETAP in December 2018.

Since December one report has been completed:-

Stock Management System audit review has been finalised with **Substantial** opinion and no recommendations; only two minor priority issues.

AC confirmed that both the Financial Ledger and Bank and Integra Systems Security Audit reviews commenced on the 23 January 2019 and four further audits would be starting in the next two weeks.

AC commented that there are two overdue items. One is the Internal Audit letter of Assurance on the 2017/18 Payroll Processing Audit. This will be presented at the next ETAP meeting. The second item is the Payroll Processing Audit from 2018/19 and related to three instances of incorrect details recorded on Firewatch. Corrections have now been made as necessary and a revised action date is in place due for completion in August 2019.

AC advised that planning has started to the 2019/20 Internal Audit Plan on the 8 February with DG.

Member's noted the excellent result for the Stock Management System Management Report with no recommendations and also the large number of reports achieving Substantial opinions.

NOTED: ETAP members noted the progress against the Internal Audit Progress Report 2018/19 and the Stock Management System Audit and BS thanked AC for his reports.

5. External Auditors – Grant Thornton

BS welcomed MS to his first meeting of ETAP

LN introduced this document which gave an overview of the planned scope and timing for Grant Thornton statutory audit of accounts for the year ending 31 March 2019.

Starting on page 3, LN discussed the Significant Risk area and highlighted these as being;-

- The Revenue Cycle, including fraudulent transactions

- Management override of controls
- Actuarial valuations of pension liability

The Significant Risks were also discussed in more detail as contained in pages 5 & 6. LN also mentioned the materiality level of £975k and also the VFM significant risk has been identified as; Informed Decision Making – the Impact of the new governance arrangements introduced during 2018/19.

Q: JW, do you review the journals at the end of the year as part accounts preparations?

A: CB, yes the auditors do take a download of the journals as part of their year-end plans. We will also do checks as part of the monthly management accounts as well.

LN confirmed the timeline and audit fee on pages 10 and 11 of the report. The timeline commenced in January 2019 with the Audit Plan and ended in October 2019 with the Annual Audit Letter.

Q: AE, are you comfortable, given the significant reduction in audit fee, that you have got the significant resources to deliver a high quality audit?

A: MS, yes, in short, the audit fees have changed going down by about 70% over the past 5-6 years. Fire is at the lower range of what is acceptable range and we continue to have conversation with the PSA. Regardless of the fee, I have to deliver a statutory and good quality audit. If you start doing interest things, for example investing in properties and the risk profile changes then we may need to come back and do something different.

NOTED: ETAP members noted External Audit plan for 2018/19.

6. AOB

The meeting closed at 12.00

Date and time of the next meeting is on Wednesday 27 March 2019