



Item 1

**DRAFT VERSION 02**

## **MINUTES OF THE ETAP (FIRE & RESCUE) HELD ON MONDAY 10 DECEMBER**

**Present:**

<b>ETAP members</b>	<b>Officers</b>
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)	Ralph Butler - FARS Head of Strategy and Change
Craig Brown (CB)	Jean Cass - SCO Governance Lead (JC)
David Davies (DD)	Victoria Farrar - SCO Head of Gov & Assurance (VF)
Emma Christmas (EC)	
Jane King (JK)	
John Wheatley (JW)	
Sue Finney (SF)	
Tony Wilmot (TW)	

Also in Attendance:

Alex Cannon – Staffs County Council ICT Audit Manager (AC), Lisa Morrey Grant Thornton.

### **1. Declaration of interests and apologies,**

Declarations of Interest - No Declarations of Interest were received.

Apologies ETAP members Adrian Bowen (AB), Clare Cowley (CC), Sue Westacott (SW), Jane Hackett (JH), Glynn Dixon SCO Chief Executive (GD), Rob Barber FARS Deputy Chief Fire Officer (RB), Lorraine Noak and Mark Stocks from Grant Thornton

### **1. Minutes & actions of the meeting held on the 19 October 2018**

#### Minutes of Previous Meeting

One correction on page 1, Becci Bryant is FARS Chief Fire Officer, not the Chief Finance Officer as stated in the minutes.

**AGREED** - That the minutes of the meeting held on the 19 October 2018 to be confirmed as accurate and true record.

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

AE presented his report which covered feedback from the November FARS Finance Panel meetings.

AE confirmed that the panel had received the Monthly Financial Monitoring report for month 7. The panel welcomed the news that, following the potential overspend from the past three months relating to the summer fires, the forecast was now that the outturn would be within the original budget. AE also added that the Capital Programme is now likely to be within budget with some projects deferred into 2019/20.

AE advised that the panel were presented with update against the Medium Term Financial Strategy (MTFS) which is on the agenda today. We noted the additional pressures on the MTFS in 2019/20 in particular from the employers' costs of the pension contributions. These will lead to a reasonable significant gap which may need to be filled in the future years and would have ramifications in the budget.

The panel also received the Treasury Management Report which is also on the agenda today. The report confirmed that FARS have relatively significant levels of cash and that there was headroom within its prudential borrowing limits was also noted. The Treasury Report confirmed that due to FARS relatively high cash levels, they are a professional (rather than retail) client in relation to the MIFID regulation.

The panel also noted a report on the Police/Fire Collaboration which was also discussed at the Police Fire Panel meeting and noted a strong programme of enabling and support services. The panel did discuss whether or not there should be a quicker move to a wider operational collaboration as part of the future development of the relationship.

AE confirmed that due to the limited movements in the finances of FARS, the Finance Panel have agreed going forward to meet bi-monthly.

BS thanked AE for this report and asked members if they had any questions

Q: JK, have the deferred projects in the Capital Programme had any negative impacts on the delivery of the service?

A: DG no, this is just a matter of timings, for example the planned refurbishment planned at Abbots Bromley have been difficult to programme into the current year.

Q: TW asked if there was national funding they could be secured against the costs of the summer fires.

A: BB, the scheme that you refer to is known as the Bellwin Scheme. In order to access this scheme, the costs of a single incident needs to be over 0.2% of the Revenue Budget. Our costs did not meet the thresholds of the scheme.

Follow up clarification added from DG. The position on the Bellwin Scheme threshold for Staffordshire Fire has been set at £80k in the current financial year. Certain costs above this level can be claimed through the scheme, these costs must be additional costs e.g. overtime or costs of staff backfilling for staff who have been diverted onto the incident. The incident must also have been declared as a 'Major Incident' and announced in Parliament in order for it to be recognised and qualify to be part of the

Bellwin Scheme. As this was not the case in Staffordshire we were not be able to access any additional funding, even for the largest incident on the Roaches.

### **3. Medium Term Financial Strategy (MTFS) and Treasury Strategy**

BS confirmed that this is the public meeting of the Audit Committee statutory role as contained with the role of ETAP. There is therefore some duplication with papers being presented to both the Finance Panel and also ETAP at today's meeting.

#### **i. MTFS half yearly update**

DG presented the MTFS update and confirmed the following key points:-

This is the third year of four year funding plan settlement was guaranteed; therefore the funding and cuts for funding in the next year are broadly known. DG confirmed that post 2020 is there is a level of uncertainty with the funding and funding cuts which are all subject to the comprehensive spending review by the Home Office.

DG confirmed that a high level risk area is the increasing in the pension contributions which will increase to 12.6%. This takes the average employee contribution rate up to 30.20%. The good news is that the Home Office will give us a grant which will cover 90% of this amount will be covered, we are left with a net hit of approx. £100k

DG summarised the report by adding that there are significant financial pressures and with uncertainties with continue cuts and threat upon the cost base. On top of delivering savings of 1.3m there is also a possible gap of 2.50m by 2021/22.

BB added, two possible high level risks to the David's commentary;

A current case going through the courts from 1992, going through the court of appeal on age and discrimination. We awaiting the outcome of this appeal, but if this appeal does find on the side of the FBU, this will have an impact on the MTFS. If not, it is likely that the trade unions will take further legal action.

There remains a significant uncertainty around the impact of the Emergency Service Mobile Communication Programme (ESMCP). This is for the replacement of hardware and software that emergency services use to communicate. Three years ago the Fire Authority were ask to agree to in principle to a set of costing included in the original business. The business case has now been changed and the costs included in the new business case remain unknown.

Q: SF where the legal costs for the pension challenge are?

A: BB, the Local Government Association (LGA) who is the employer for FRAs will meet the costs regardless of the level of appeal.

BB added that as the Commissioner is not a member as he is the LGA, he is the employee and therefore a conversation is needed between the LGA and Commissioner to understand how the decision will impact on the Office. The Commissioner may incur some of these legal costs.

## ii. Treasury Management Strategy

DG talked through the Treasury Management Strategy and confirmed the half year position with the following key issues;

The Borrowing Strategy, no additional loans have been taken out since 2010, the total loan position is £19.5m, which will be reducing by a further £1.5m in Feb 2019.

The Capital Programme has been financed by savings and reserves for the past five years. Our gross debt has reduced by £6.5m during the last five year period.

**NOTED** ETAP Members noted the half year position for the MFTS and Treasury Strategy

## 4. Internal Auditors – Staffordshire County Council

### i. Progress update Internal Audit Plan 2018/19

AC presented the progress report with actions completed since he last reported to ETAP in October 2018.

Since October one report has been completed:-

Payroll Processing Procedure with a **Substantial** opinion with three recommendations; two medium and one low.

AC confirmed that there have been no changes to the 2018/19 Audit Plan.

BS thanked AC for his report and asked members if there were any questions.

Q: SF are doing any work on the collaboration from the Fire side?

A: BB confirmed that she was going to discuss with the Commissioner the use of Internal Audit's time to look at the collaboration.

DG added this could be working with the Force's internal audit team to carry out a joint review.

Q: AE asked what was included in the Efficiency Plan review which is starting in February 2019.

A: DG, in terms of the scope of the review it is around the delivery of efficiency plan, to give assurance on what we have said publicly we will deliver on, including what's been done and what's left to do; It's aim is to give assurance on the overall journey of the plan.

AE commented that given what we have discussed about the possible significant potential gap of over £2m in 2020/21 should this be an area under review.

A: DG added that they would take this opportunity to relook at the scope of this review.

<b>NOTED:</b> ETAP members noted the progress against the Internal Audit Action plan 2018/19 and the Payroll Processing Procedure and BS thanked AC for reports.
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## **5. External Auditors – Grant Thornton**

### **i. Progress report**

LM presented the External audit report which gives an update against the programme and timetable their work during the audit for 2019.

LM confirmed their audit is split into two sections; the Financial Statement Audit and also the Value for Money work. The work on the 2018/19 financial statements audit has already started and they will be issuing a detailed audit plan with visits early in 2019.

LM also confirmed that the scope of the Value for Money is set out by the National Audit Office and they will be making their initial risk assessment to determine their approach in January 2019.

LM discussed the audit deliverables covered on page 5 of the report. This timetabled their work during 2019 and included the Financial Statements, Annual Governance Statement and Value for Money Statements which are planned for July 2019 and Annual Audit letter being issued in August 2019.

Q: AE, is there a fire trading company and are there any opportunities for further collaboration here?

A: BB, since 2009, the Fire Authority, has had a community interest company (CIC) which commissions certain elements of work including running of Princes Trust programme and areas of prevention work. The work of the commissioner is yet to progress any further through the CIC. However, we are looking at opportunities, from a collaborative view, to work with the Youth Commission.

## **6. AOB**

The meeting closed at 14.55pm

Date and time of the next meeting is on Thursday 7 February 2019