



# 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 5 February 2020.

### Present:

ETAP members	Officers
Alan McEntire (AM)	Victoria Farrar SCO Head of Governance and Assurance (VF)
Alan Edwards (AE)	Jean Cass – SCO Governance Lead (JC)
Bob Simpson - (BS) Chair	David Greensmith - FARS Director of Finance (DG)
Clare Cowley (CC)	Rob Barber - FARS Deputy Chief Fire Officer (RB)
Craig Brown (CB)	Corrina Bradley - FARS Financial Services Manager (CBR)
David Davies (DD)	
Emma Christmas (EC)	
Jane Barr (JBA)	<b>Also in attendance</b>
Jane King (JK)	Alex Cannon - Staff County council ICT Audit Manager (AC)
John Wheatley (JW)	Lisa Morrey - Grant Thornton Assistant Manager (LM)
Sue Finney (SF)	Lorraine Noak - Grant Thornton Audit Manager (LN)
Sue Westacott (SW)	
Tony Wilmot (TW)	

BS offered the panel's congratulations to BB on her Queen's Fire Service Medal which was included in the New Year's Honour's list.

BS also acknowledged the excellent results in the recent Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service (HMICFRS) report. In the report published in December, Staffordshire Fire and Rescue Service (SFRS) were found to be good at providing an effective service to the public and making the best use of its resources. It was also rated good for looking after its people and outstanding at promoting the right values and culture.

RB confirmed that he will pass these comments back to BB and the team.

### 1. (i) Declaration of interests and apologies.

Declarations of Interest - No Declarations of Interest were received.

Apologies Glynn Dixon SCO Chief Executive (GD) and Becci Bryant FARS Chief Fire Officer (BB.)

## **Minutes & actions of the meeting held on the 11 December 2019**

### Minutes of Previous Meeting

Page 2 - Item under 2 (ii), item to read 'the team have met up' rather 'the we have met up'.

Page 6 - first question from BS related to the code and not the audit fees.

**AGREED** - That the minutes of the meeting held on the 11 December 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
- Item 2 - Confirmation of Delegated authority - carried forward
- Item 3 - Confirmation of penetration testing - carried forward to May 2020 meeting
- Item 4 - Relating to the National Fraud Initiative 2018, that 46 payroll to payroll matches outstanding – update given under item 6

#### **Any updates from last meeting**

Members held pre-meetings today JK.

### **2. Deputy Chairs feedback**

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

In AE's absence BS gave a verbal update from last week's Finance Panel meeting.

BS confirmed that the panel received an explanation regarding the budget allocation and this is on today's agenda under item 4.

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

DD, advised that there was nothing new to add since his last report due to annual leave commitments. The review of Fire Protect Programme is now continuing with a meeting on the 20<sup>th</sup> Feb.

DD confirmed that 13 hours have been claimed to date on this review and it was anticipated that this review will be completed late March/April with a final report at SGB in June.

Q: RB, have you got all the support you need on this review?

A: DD, yes we have all the support we need - thank you.

BS thanked DD for this report

### 3. Police, Fire and Crime Panel (PFCP)

SF advised that that next meeting of the panel is on Monday 10 February and on the agenda are the following reports, which are also covered on today's agenda under item 4:-

- i. Revenue Budget Report 2020/21 (incl. Precept and MTFS);
- ii. Treasury Strategy;
- iii. Capital Strategy and Capital Programme.

SF will give a further update on these papers at the next ETAP meeting on the 27 May

BS thanked SF for her update.

### 4.

- i. Revenue Budget Report 2020/21 (incl. Precept and MTFS);
- ii. Treasury Strategy;
- iii. Capital Strategy and Capital Programme.

DG presented the Budget for 2020/21 and MTFS, under item (i), and advised that this should be read in conjunction with items (ii) and (iii).

These reports contain precept proposals that will be considered by the PFCP meeting on Monday 10 February 2020.

The highlights of these reports include:-

The Settlement Funding included an inflationary increase in Revenue Support Grant of 1.63%; this the first time we have since an increase since 2011/12;

This is a single year settlement for CSR19, the Home Office are continuing with the review of the fire funding formula as part of the Fair Funding Review that should form the basis for a multiyear settlement position for 2021/22 and beyond;

The net budget is £42.263m for 2020/21 based upon the Council Tax increase 1.99%;

The 1.99% increase in Council Tax which is equivalent to an additional £1.51 per annum (3p per week). The referendum limit was set at 2% which was 1% less than in the previous two years 2018/19 and 2019/20;

We have fully delivered the saving requirements as set out in the Efficiency Plan 2016/17 – 2019/20;

The budget gap for 2020/21 of £0.45m will increase to £1.79m by 2024/25. This is driven by the assumptions around reduced levels of Revenue Support Grant, in addition to cost pressures which includes ongoing pay pressure.

In addition there are significant risks and uncertainties beyond 2020/21 the details of which are contained in these reports.

The risks are:-

1. Impact of national pay awards (pressure of above inflation awards);
2. Increased employer contributions into the Firefighter Pension Schemes;

3. Implications of the Sargeant / McCloud judgement;
4. Increasing costs of the Emergency Services Network;
5. Actions required post Grenfell.

DG added that details of the pension remedy on the Sargent/Cloud Case, from the court case, should be available in July this year. It has been assumed that any additional costs will be picked up by the Government.

Q: TW, have you received any indication from the Government?

A, DG, we don't really know. The main exposure for fire and police is around the compensation that may be needed to pay to members for the inconvenience in switching between pension schemes.

Q: BS, have you got the resources to implement the remedy?

A: DG, this was a deliberate decision through the 2025 plan as we are funding additional costs with reserves, e.g. training costs

RB added, as you know we have limited resources locally. Once the remedy is available, there is an agreement in principles that all five services in the West Midlands, will collectively put into the resources.

Q: AE, you have a funding gap of £750k in the current year, after filling £450k from savings and £ 300k from reserves. How do you determine that this was the right balance?

A: DG, this was a deliberate decision through the 20/25 plan as we needed to cover costs for training in the current year and needed some head room for these costs.

Q: SF, are the fire fighters already doing a lot the extension to the role?

A: RB, it would be easier for our force in Staffordshire than for other fire fighters in the country. Some duties are already being carried out such as forced entries but there is still a need for local negotiations.

Q: DD, I have two queries the premises costs increase and under the income a decrease?

A: DG, the increase in the costs of premises costs relates to RPI increases in utility costs and decreases in income relates the reduction in staff secondments.

Q: BS, are you still carrying vacancies in the retained service of fire fighters?

A: RB, retained availability is a key national issue. There is a dedicated work stream within the 2025 Project looking into this issue at a local level. We are looking at the system at a whole and will be talking to the Commissioner on this subject.

BS thanked DG for his reports.

<b>NOTED:</b> ETAP members noted the proposed Fire Budget Precept for 2020/21
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## **5. Internal Auditors Staffs County Council (SCC)**

### **Update on an action from the previous meeting**

AC advised that when he last reported to the panel in October on the National Fraud Initiative 2018, there were 46 payroll to payroll matches outstanding. As at today there are 19 of these have been cleared, 1 is currently being investigated and 26 are outstanding.

Of the 19 that have been cleared, AC advised that he is going to refer some of these back to the Payroll manager for further investigations. It could be that people correctly are on two payment systems.

### **Progress update**

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

Since the last ETAP meeting in December:-

Police and Fire Collaboration Report – A closure meeting has been held today but there are still a couple of responses outstanding on the recommendations;

Firefighter pension – this is currently with AC to review;

Payroll processing procedure – this review is currently on-going;

Cybersecurity – Patch Management report is included within this Progress report in Appendix 1. This report was given a **Substantial Opinion** with 4 recommendations; 1 medium and 3 low;

### **Adjustments to the Internal Audit Plan 2019/20**

AC advised that following the changes in audit arrangements for 2020/21 with agreement with DG and JBL the following changes have been made to the plan for 2019/20:-

We have cancelled the Budgetary Control, Financial Monitoring and Reporting audits. Assurance will be taken instead from the FARS's own internal scrutiny arrangements in place during 2019/20 to monitor and report upon budgets across the organisation;

The cancelled audits have been replaced by a Health & Safety Audit Review. This has been requested due to the time since this area was last reviewed and also following a serious H&S incident which occurred earlier on in the year;

The development and undertaking work in Data Analytics has been cancelled. As SCC will no longer be providing an internal audit service after 31 March 2020, it was agreed that there was no need for this service.

### **Audit Recommendations**

AC advised that no recommendations have implemented since the last ETAP meeting in December 2019. The majority of recommendation relate to IT recommendations.

BS thanked AC for his report.

## **6. Internal Auditors Plan 2020/21 (Draft) RSM**

This is the draft plan for information only – this will be discussed in detail at the next Finance Panel meeting in March 2020.

**ACTION:** Finance Panel to review RSM's draft internal audit plan for 2020/21 at their meeting in March 2020.

## **7. External Auditors Grant Thornton**

LN gave a verbal update prior to the release of the audit plan for 2019/20 at the next ETAP meeting on the 27 May 2020. The only areas outstanding is the fee agreement, which needs to be agreed with Section 151 Officers.

As in last year's plan, the focus will include property, plant and equipment (PPE), Pensions and VFM. The areas of significant risk will include Financial Sustainability and Partnership Workings.

BS thanked LN for her update

## **8. AOB**

Date and time of next meeting Wednesday 27 May at 2pm.