

HUMBERSIDE FIRE AUTHORITY

GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE

8 APRIL 2019

PRESENT: Independent Co-opted Members Mr D Chapman (Chairperson), Mr M Allingham, Mr J Doyle, Mrs P Jackson, Mr A Smith and Mrs M Thomlinson

Director of Service Delivery, Director of Service Delivery Support, Director of People and Development, Head of Finance, Head of Corporate Assurance, Public Safety (Central Support), Public Safety Risk and Intelligence Manager, Monitoring Officer/Secretary, Committee Manager, Mr G Baines (Internal Audit - MIAA), Mr A McCulloch (Internal Audit - TIAA) and Mr R Woodley (External Audit - Mazars) were also present.

The meeting was held at the Humberside Fire and Rescue Service Headquarters, Kingston upon Hull. Meeting commenced at 10.00 a.m.

(The Chairperson welcomed all others present.)

PROCEDURAL

6119 APOLOGIES FOR ABSENCE - An apology for absence was received from Mr C Vertigans.

6120 DECLARATIONS OF INTEREST - There were no declarations of interest.

6121 MINUTES - *Resolved* - That the minutes of the meeting of the Committee held on 4 March 2019 be confirmed as a correct record.

6122 MATTERS ARISING FROM THE MINUTES, OTHER THAN ON THE AGENDA - There were no matters arising from the minutes.

6123 DECLARATIONS OF INTEREST - No declarations were made in connection with any of the items to be considered at the meeting.

GOVERNANCE

6124 UPDATE: MATTERS ARISING/FEEDBACK FROM FIRE AUTHORITY - The Monitoring Officer/Secretary submitted a report summarising the consideration given by the Authority at its meeting on 15 March 2019 to the draft minutes of the meeting of the Committee held on 4 March 2019 and also providing feedback on other items considered by the Fire Authority at its meeting on 15 March 2019.

Resolved - That the report be received.

6125 COMMITTEE WORKSTREAMS 2018/19 AND ANNUAL REPORT TO HUMBERSIDE FIRE AUTHORITY - The Monitoring Officer/Secretary submitted a report summarising the work undertaken by the Committee as part of its 2018/19 Workstream and its draft Annual Report to Humberside Fire Authority.

Resolved - That the draft Annual Report to Humberside Fire Authority be approved.

6126 DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19 - The Monitoring Officer/Secretary submitted the draft Annual Governance Statement 2018/19.

The Committee commended the reintroduction of the Member Champion role cited in the Statement. Member Champions had continued to support Humberside Fire and Rescue Service and were routinely invited to attend local district performance meetings. The

Chairperson expressed his preference for an annual appraisal of the Committee by Humberside Fire Authority.

Resolved - (a) That the draft Annual Governance Statement 2018/19 be approved, and

(b) that Humberside Fire Authority consider making provision for an annual appraisal of the Committee.

6127 USE OF DELEGATED POWERS UNDER FIRE AUTHORITY CONSTITUTION BY CHIEF FIRE OFFICER AND CHIEF EXECUTIVE - The Monitoring Officer/Secretary submitted a report summarising the use of delegated powers under the Fire Authority Constitution by the Chief Fire Officer & Chief Executive.

Resolved - That the report be received.

6128 ANNUAL REVIEW OF CONSTITUTION - The Monitoring Officer/Secretary updated the Committee with regard to the annual review of the Constitution. There were no further planned changes to the Constitution following its revision in September 2018.

Resolved - That the update be received.

AUDIT

6129 MANAGEMENT ACCOUNTS 2018/19 TO 28 FEBRUARY 2019 - The Head of Finance submitted a report detailing the Authority's Management Accounts for the period ending 28 February 2019.

The 2018/19 outturn projections were as follows:

CATEGORY	2018/19 OUTTURN PROJECTION
<i>HFA</i>	
<i>Revenue Budget</i>	<i>£24k underspend</i>
<i>Capital Programme</i>	<i>£3.176m expenditure against £5.660m allocation</i>
<i>Pensions Account</i>	<i>£13.325m deficit</i>

Further to previous updates (Minute 6053 refers), the projected overspend under the Revenue Budget had been reduced to a £24,000 underspend as a result of remedial action. Expenditure under the Capital Programme had been significantly lower than the amount allocated. The Pensions Account remained in deficit, but the Committee was informed that most of this money would be provided by the Government by July 2019.

A Member queried the underspend in relation to the Revenue Budget and the Committee was informed that the Budget had included a planned overspend and use of £181,000 of the Authority's reserves. Taking into account the projected underspend of £24,000, only £157,000 of the Authority's reserves would be spent.

A Member asked why Capital Programme expenditure was lower than the amount allocated for 2018/19. Allocation for the Capital Programme in 2018/19, and in previous years, had been ambitious. However, the capacity to deliver capital programmes would increase in future years as a result of the establishment of the Joint Estates Programme with Humberside Police.

Resolved - That the report be received.

6130 THE CIPFA FINANCIAL MANAGEMENT CODE - CONSULTATION - The Head of Finance addressed the Committee with regard to the consultation version of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Financial Management Code.

At the time of the meeting, the Code was a guidance document and not legislated. CIPFA was in the midst of a consultation process with regard to the Code, which it had written to formalise good practice in the management of public finance. The Code had also been written in response to increasing commercialisation and commercial investment by local authorities, and the significant financial difficulties experienced by local authorities in recent years. The Committee was informed that the Code could become law from April 2020.

The Code also provided Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) with robust lines of enquiry with regard to financial management. The Authority was compliant with most of the good practice cited within the Code.

Resolved - (a) That the CIPFA Financial Management Code be received, and
(b) that details of the Authority's compliance with good practice cited within the Code be reported at a future meeting of the Committee.

6131 EXTERNAL AUDIT REPORT - Mr R Woodley, External Audit (Mazars) submitted a report detailing the progress made in relation to the external audit process, which had been divided into four stages:

1. Planning (October 2018 - January 2019) - This included Mazars updating their understanding of the Fire Authority, forming initial opinions and value for money risk assessments, developing the audit strategy, agreeing the timetables, and a preliminary analytical procedure.
2. Interim (December 2018 - February 2019) - This involved documenting systems and controls, walking through procedures, controls testing (including general and application IT controls), and early substantive testing of transactions.
3. Fieldwork (June - July 2019) - This involved reviewing the draft financial statements, reassessing and revising the audit strategy, delivering the planned audit testing, continuous communication on emerging issues, and the clearance meeting.
4. Completion (July 2019) - This would result in the final review and disclosure checklist of financial statements, the final engagement lead review, agreeing the content of the letter of representation, reporting to the Governance, Audit and Scrutiny Committee and the Fire Authority, reviewing post balance sheet events, and Mazars finalising their opinion on the audit.

The external audit process for 2018/19 was due to conclude by the end of July 2019. The Chairperson of the GAS Committee and the Head of Finance would be required to sign off the final report, which would then be received by the Committee at its following meeting.

A Member requested that all future external audit reports clearly identify the dates of audit activities to facilitate a better understanding of the associated recommendations.

Resolved - (a) That the report be received, and
(b) that all future external audit reports clearly identify the dates of audit activities to facilitate a better understanding of the associated recommendations.

6132 INTERNAL AUDIT PROGRESS UPDATE (TIAA) - Mr A McCulloch provided an oral update on the progress of TIAA's Internal Audit Plan (Minute 6089 refers).

The draft Internal Audit Plan 2019/20 had been approved by Humberside Fire Authority at its meeting of 15 March 2019 (Minute 6104 refers), and TIAA were in the process of agreeing dates for audit activities. TIAA would ensure that all recommendations resulting from the internal audit processes conducted by MIAA in 2018/19 would be followed up and that high-priorities would be identified early in the internal audit process for 2019/20.

Resolved - That the report be received.

6133 INTERNAL AUDIT PROGRESS UPDATE (MIAA) - Mr G Baines submitted a report summarising the key issues and progress against the Internal Audit Plan for 2018/19. The report provided judgements on the levels of assurance in relation to:

- FRS Equality Framework - limited assurance;
- Absence Management - moderate assurance;
- Operational Training - moderate assurance;
- Core Financial Systems - substantial assurance;
- Public Safety Delivery Plan - substantial assurance;
- Phishing Exercise - level of assurance not applicable.

The Committee was keen to understand the outcomes of the phishing exercise and requested that they be reported appropriately at a future meeting. Mr G Baines explained that the results of the phishing exercise had not been atypical in comparison to similar exercises undertaken by MIAA on behalf of other organisations.

A Member asked whether managers had been provided with attendance management training. The Director of People and Development explained that not all managers had yet been provided with this training.

Resolved - (a) That the report be received, and

(b) that the outcomes of the phishing exercise be reported appropriately at a future meeting.

6134 DIRECTOR OF AUDIT OPINION AND ANNUAL REPORT 2018/19 (MIAA) - Mr G Baines submitted a report summarising the Head of Internal Audit's (MIAA) opinion following audit activity undertaken during 2018/19. The overall opinion for the period spanning 1 April 2018 to 31 March 2019 was that the internal audit process had provided moderate assurance. There was an adequate system of internal control, but some areas of weaknesses had been identified in relation to the design and/or inconsistent application of control measures.

The report had also included a number of issues to be taken into account in the Authority's Annual Governance Statement. The Committee noted that these issues had been taken into account in the draft Annual Governance Statement 2018/19.

Resolved - (a) That the report be received, and

(b) that the Committee record its thanks for the support of MIAA and Mr G Baines during their time as the Authority's internal auditors.

PERFORMANCE, RISK AND PROGRAMME MANAGEMENT

6135 CUSTOMER SERVICE EXCELLENCE AWARD 2019 - The Head of Corporate Assurance submitted a report regarding the annual recertification of the Customer Service Excellence Award. The Service had comfortably achieved the Customer Service Excellence award again. The awarding body had highlighted seven areas of good practice, which had been improved since the previous year, and three aspects had been rated as 'compliance plus' (behaviours or practices that exceed requirements).

The awarding body had praised the organisational changes resulting in the Service having four Service Delivery Managers and its approach to educating the public on fire safety. The Chairperson praised the Service's achievement and the references within the report to the Service's culture and collaborative work.

A Member asked about the potential co-location of a fire station on the premises of Howden's Joinery. The Service had continued to explore options with East Riding of Yorkshire Council to create a second point of access on the site to facilitate the development of a fire station. However, this would involve the construction of a roundabout at the cost of around £1.3m.

Resolved - That the report be received.

6136 PERFORMANCE REPORTING AND SERVICE PERFORMANCE INDICATORS 2019//20 - The Head of Corporate Assurance submitted a report summarising the proposed service performance indicators for 2019/20.

The way in which performance would be monitored and reported had been the subject of significant work in recent months, which would result in improved reporting during 2019/20. Both the Committee and the Authority would continue to receive quarterly performance indicator reports but performance would also be reported 'live' through an online dashboard that would be accessible to Members after June 2019.

Performance would be reported to the Senior Leadership Team (SLT) on a monthly basis and reports and discussions would take into account actions and recommendations resulting from the internal audit process.

The report summarised the principles that would be employed when setting targets for each service area:

- Targets are based upon a rolling three year average baseline.
- If the three year baseline shows a gradual worsening of performance then targets will be set to stabilise that performance during the forthcoming year.
- If the three year baseline shows no change then targets will be set to gradually improve that performance over the forthcoming year.
- If the three year baseline shows a steady improvement in performance then targets will be set to maintain that improvement.
- Incident based targets are seasonally adjusted to account for known variances throughout the year.
- Whilst there are no national performance indicators, benchmarking and comparison of targets and approach is achieved via our Fire and Rescue Family Group. Any issues of interest will be reported to Members.

A Member asked, given the principles set out above, why the Service continued to set a 90 percent target for first fire engine intervention when it had been consistently exceeded at more than 97 percent in the previous two years. The Director of Service Delivery Support explained that the intervention standards had been set by the Authority and that they represented the most challenging standards of any fire and rescue service outside

of London. Intervention standards were monitored year-to-year and the Service always aimed to exceed the previous year's standard.

Resolved - That the report be received.

6137 ABSENCE MANAGEMENT - The Director of People and Development submitted a report providing an update with regard to absence management for the third quarter of 2018/19.

Attached to the report was the National Fire & Rescue Service Occupational Health Performance Report. The Service had exceeded many others with regard to the number of reported absences. The Director of People and Development explained that this indicated that the Service had been managing absence effectively, but offered a caution in that each fire and rescue service collated and reported these figures differently.

The Service would need to focus on reducing absences resulting from musculo-skeletal issues. The national figures had also shown that the Service did not have as significant an issue with absence among support staff as had previously been estimated.

Resolved - (a) That the report be received;

(b) that the Committee take assurance from the National Fire & Rescue Service Occupational Health Performance Report in that the Service was below the national average with regard to days lost through absence.

6138 HMICFRS INSPECTION UPDATE - The Head of Corporate Assurance provided a brief update on the status of the inspection report resulting from the recent inspection by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The Service was due to receive the draft report in late April or early May 2019 in order that it could be checked for factual accuracy before being published in June 2019.

Resolved - That the update be received.

SCRUTINY PROGRAMME

6139 SCRUTINY PROGRAMME 2018/19 - BENEFITS REALISATION FROM THE SERVICE REDESIGN PROGRAMME (PUBLIC SAFETY) - The Head of Corporate Assurance introduced the report written in reply to the scope agreed by the Committee on the subject of benefits realisation from the Service Redesign Programme (Minute 6052 refers). Also presenting this item were: the Director of Service Delivery, Public Safety (Central Support) and the Public Safety Risk and Intelligence Manager.

The scrutiny of the Public Safety Service Redesign Programme (SRP) had been deferred from the Committee's previous meeting of 4 March 2019 (Minute 6094 refers). As a whole programme, the SRP had achieved financial and structural efficiencies, saving around £2.5m through reviews of service support and non-front-line service delivery. SRP reviews had been conducted and managed in accordance with employment legislation and good practice HR management principles. This had included consultative exercises, taking into account all affected members of staff, and staff surveys to monitor the potential effects of reviewing service areas. An externally hosted staff survey had been commissioned in 2016 and the outcomes had led to an increase in the visible presence of senior leaders and the commissioning of an 'organisational health check' led by a clinical psychologist.

The Public Safety SRP had commenced in July 2016 following the appointment of a Director of Public Safety. This had begun with a baseline review of the then-current

structures, objectives and performance. The resulting evidence had been sufficient to suggest the need for a fundamental change in the organisation's approach to public safety with a view to developing a delivery structure that was more effective, efficient and flexible in order to adapt to future challenges.

In order to provide independent insight, Staffordshire Fire and Rescue Service had been invited to conduct an informal review of Public Safety. The review had taken place in September 2016 and the review team had provided a number of recommendations which were taken into account when forming the proposed structure and delivery model:

- A longer-term approach to training and up-skilling the workforce should be explored.
- A structural review should be considered across the Directorate to ensure that all of the roles are efficient, effective and have a clear opportunity of succession.
- The use of performance data to drive resource allocation and prioritise work should be re-affirmed.
- The Service should develop its Safe and Well offer, incorporating operational staff.
- There is an opportunity to explore greater use of volunteers, within specific roles which can complement the work of paid staff.

A Member asked what progress had been made with regard to the proposed use of volunteers. The Director of Service Delivery explained that the Service's first attempt to recruit volunteers in relation to public safety had not been as successful as anticipated. Humberside Police had coordinated the recruitment of volunteers and most of the people who had come forward had done so in order to work with the Police. The Service had begun to work with Blue Light volunteers; an organisation which aimed to engage ex-emergency services personnel to improve community resilience. The Service's volunteering project would take a further 12-24 months to become fully operational due to the recent set-backs and because the Service had needed to redirect various resources due to the recent HMICFRS inspection.

Since the Committee's meeting of 4 March 2019, MIAA had provided a Public Safety Delivery Plan Review which had been circulated to the Committee. The Director of Service Delivery was pleased with the report and explained that it had identified areas for improvement that the Service had expected. The Public Safety SRP had been set to end in 2021 and it had, to date, only run half of its total course. There remained some aspects of the SRP which had not yet been fully embedded.

A Member observed that the number of recommendations in the MIAA report had been confusing. The Director of Service Delivery explained that the Service had provided MIAA with feedback on the report but that the feedback had not been taken into account in the final version of the report which had been received relatively late. The report recommended in its final paragraph that follow-up work be undertaken within the following 12 months.

A Member enquired about resilience in staffing for public safety. The Director of Service Delivery informed the Committee that, under the current contractual arrangements, the Service could lose members of staff following a one-month period of notice, while it took around two years to fully train a member of staff. The Service had been exploring the potential of encouraging professional development through formal education and qualifications, paid for by the Service, which would involve contractual tie-in arrangements for staff. This would enable the Service to retain its trained staff for longer and potentially reduce the number of qualified staff leaving for higher paid roles in private sector organisations. While some fire and rescue services had reduced their focus on public safety in favour of operational response, HFRS continued to prioritise public safety in line with good practice and the expectations of HMICFRS.

Overall, the Service Redesign Programme had resulted in the Service adopting a district structure, with one Head of Service Delivery for each of the four local authority areas within the Humberside region. This had the effect of merging the workstreams of protection, prevention and operational response for each area. Incidents were tracked for each area and the Service as a whole had adopted a flexible approach to the distribution of its resources and workforce to address issues within each area. A Member asked how these changes had been received. The Director of Service Delivery explained that some members of staff might feel that the new way of working was disjointed but the benefits, such as peer-learning, were becoming more apparent. Members of staff would need to acclimatise to a new service delivery culture and changing organisational culture could take between two and four years. The Service would continue to take an evidence-driven approach to organisational change.

Resolved - (a) That the report be received;

(b) that Public Safety be considered as part of the Committee's 2019/20 scrutiny workstream.

6140 COMMITTEE WORKSTREAMS/SCRUTINY PROGRAMME 2019/20 - The Monitoring Officer/Secretary submitted a report summarising the Committee's workstreams and scrutiny work programme for 2019/20.

The Committee had agreed to defer the scrutiny item relating to the Public Safety Service Redesign programme to the current meeting, resulting in the deferral of the scrutiny item called, Effectiveness of the Cost Recovery Model for Emergency Medical Response to the scrutiny programme for 2019/20. There remained three other scrutiny items (four in total) to identify and scope for the 2019/20 programme. The Committee agreed that it would welcome suggested topics from SLT and the Authority to scrutinise and that it would scope those items before considering the scrutiny programme for approval at a future, formal meeting.

Resolved - That the Committee Workstreams/Scrutiny Programme 2019/20 be approved.

6141 ANY OTHER BUSINESS – There was no other business.

Meeting closed at 12.10 p.m.