

HUMBERSIDE FIRE AUTHORITY

GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE

15 JULY 2019

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

Director of Service Delivery, Director of Service Delivery Support, Director of People and Development, Head of Finance, Head of Corporate Assurance, Monitoring Officer/Secretary, Committee Manager, Mr A McCulloch (Internal Audit - TIAA) and Mr G Barker (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 Councillors Briggs and all others present.)

PROCEDURAL

16/19 APOLOGIES FOR ABSENCE - There were no apologies for absence.

17/19 DECLARATIONS OF INTEREST - There were no declarations of interest.

18/19 MINUTES - *Resolved* - That the minutes of the meeting of the Committee held on 14 June 2019 be confirmed as a correct record.

19/19 MATTERS ARISING FROM THE MINUTES, OTHER THAN ON THE AGENDA - Members discussed the following matters arising from the minutes of the meeting held on 14 June 2019:

- Minute 4/19 - The outcomes of the mock phishing exercise conducted as part of the 2018/19 internal audit process would be reported as a green (confidential) paper to the Fire Authority.
- Minute 11/19 - The reporting of fraudulent activity to two nominated Members of the Committee would be discussed with the Executive Director of Corporate Services/Section 151 Officer. The Committee expressed that its understanding was that two Members nominated by the Committee would be informed at the point that an investigation began.

GOVERNANCE

20/19 UPDATE: MATTERS ARISING/FEEDBACK FROM FIRE AUTHORITY - The Monitoring Officer/Secretary provided a verbal update summarising the consideration given by the Authority at its meeting on 28 June 2019 to the draft minutes of the meeting of the Committee held on 14 June 2019 and also providing feedback on other items considered by the Fire Authority at its meeting of 28 June 2019.

Resolved - That the report be received.

AUDIT

21/19 EXTERNAL AUDIT REPORT - Mr G Barker submitted the Audit Completion Report for the year ending 31 March 2019.

The Audit Completion Report was the first to have been completed by Mazars since it had been commissioned to undertake external audit for the Service. The Fire Authority was due to consider the Report at its meeting to be held on 29 July 2019. The audit activities undertaken during 2018/19 had resulted in anticipated 'unqualified' conclusions in relation to both the audit opinion and value for money. No local electors had exercised their right to raise queries or concerns with the external auditor in the time allotted prior to the Report's consideration by the Fire Authority. At the time of the meeting, auditors were awaiting assurance from the audit of the pension fund and had only recently received accounts amended to reflect national changes. However, no associated issues were anticipated.

Materiality had been defined in the planning stage of the audit and had been set at £1.385m using a benchmark of 2 percent of gross operating expenditure. The auditors' final assessment of materiality, based on final financial statements and qualitative factors, had been £1.372 using the same benchmark. The trivial threshold was the level under which individual errors would not be communicated to the Authority and had been set at £41,000 based on a benchmark of 3 percent of materiality.

At the planning stage of the auditing process, four significant risks had been identified for particular focus:

- management of override controls;
- revenue recognition;
- property, plant and equipment valuation, and
- defined benefit liability valuation.

Throughout the audit, pension funds had been a local and national issue. The Service and its employees contributed to two pension schemes: the Firefighters Pension Scheme and the Local Government Pension Scheme. The Firefighters Pension Scheme was not funded and ultimate responsibility for it remained with the Home Office. However, its high value remained a financial risk to the Authority and a key aspect of the audit process. The Local Government Pension Scheme was managed by East Riding of Yorkshire Council and its management and investment decisions were not undertaken by the Service or Authority. The recent judgements in the Lord Chancellor v McCloud case concerning age discrimination in relation to publically funded pensions had found that changes made to pension schemes had discriminated against a group of firefighters and a group of judges on the grounds of age. The Government had since been denied the right of appeal by the Supreme Court. This had resulted in the Service revising its actuarials and the changes had been accounted for in the Authority's financial statements. It was estimated that the Court's decision would result in a £25m liability but this would not affect the Authority's other accounts.

The Service's staff had been helpful and forthcoming throughout the audit process and the auditors had not need to resort to the use of any of their formal powers. Overall, Mazars considered that it had provided a challenging audit with good outcomes for the Authority.

A Member queried the section of the Report entitled, 'Summary of Misstatements', which contained the misstatements above the trivial threshold of £41,000 identified for adjustment during the audit. However, adjustments had been relatively insignificant and one such adjustment had been the result of uncertainty in the methods used to value the Authority's property. The Head of Finance clarified that the focus of a valuation exercise was on the cost of rebuilding any part of the Authority's estate and represented a technical point of accounting rather than the practical value of a given property. Additionally, some of the

Authority's properties had been developed in partnership with other local public sector organisations.

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

(b) that Mr G Barker be thanked for providing a comprehensive presentation of the Audit Completion Report.

22/19 INTERNAL AUDIT PROGRESS UPDATE - Mr A McCulloch (TIAA) submitted a report summarising the progress of TIAA's internal audit 2019/20.

The draft Internal Audit Plan 2019/20 had been approved by Humberside Fire Authority at its meeting of 15 March 2019 and dates had been agreed for audit activities. The first two audit activities, relating to fleet management and procurement, had been due to commence in July 2019. The fleet management audit had been deferred but the outcomes of the audit exercise pertaining to procurement would be reported to both the Committee and the Authority at their meetings due to be held in September 2019.

Resolved - That the update be received.

23/19 AUDITED ANNUAL STATEMENT OF ACCOUNTS 2018/19 - The Head of Finance submitted a report in relation to the Annual Statement of Accounts for 2018/19.

The Committee had considered the unaudited Annual Statement of Accounts 2018/19 at its meeting of 14 June 2019 (Minute 9/19 refers). Since the Committee's previous meeting, Mazars, in consultation with the Authority's finance team, had substantially completed the audit of the Annual Statement of Accounts and the outturn position had remained a £162,000 underspend.

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

(b) that particular recognition be accorded to the Finance Manager for his diligent work in relation to the Annual Statement of Accounts 2018/19.

PERFORMANCE, RISK AND PROGRAMME MANAGEMENT

24/19 DRAFT ANNUAL PERFORMANCE REPORT 2018/19 (INCLUDING ABSENCE MANAGEMENT ANNUAL REPORT 2018/19) - The Head of Corporate Assurance submitted a report summarising the Service's performance in 2018/19, including absence management.

The Report was due to be considered for approval by the Authority at its meeting due to be held on 29 July 2019. Overall, despite a national increase in the number of incidents requiring emergency fire and rescue response, the Service had continued to perform at a high standard according to key performance indicators. Accidents and instances of sickness absence had continued to decrease. The Service had recently appointed to the post of Head of Occupational Health and would seek to improve employees' wellbeing and further reduce sickness absence. In accordance with the Committee's recommendation, the final version of the Report would include a section relating to compliments and complaints.

A Member queried the targets set by the Authority in relation to response-times. While the Service had exceeded response-time targets, performance in 2018/19 had not been as good as in 2017/18. As well as monitoring performance in accordance with targets, the Service also monitored trends and did not seek to treat targets as a cause for complacency. The Committee also agreed that the Report should be updated to include rolling three-year comparators throughout.

A Member noted that the Equality and Inclusion Statement contained in the Report referenced some of the Service's work from 2017 and requested that the final version of the report include more up-to-date information on the progress made in the intervening time.

- Resolved -**
- (a) That the report be received;
 - (b) that the quality of the outcomes in relation to key performance indicators and the successful ongoing reduction of instances of sickness absence be commended;
 - (c) that the Report be updated to reflect the Service's progress in relation to equality and inclusion during 2018/19, and
 - (d) that the Report should be updated to include rolling three-year comparators throughout.

25/19 ANNUAL STATEMENT OF ASSURANCE 2018/19 - The Head of Corporate Assurance submitted a report summarising the Annual Statement of Assurance 2018/19.

The Fire and Rescue National Framework for England (Revised 2018) set out the requirement for all fire and rescue authorities to provide annual assurance based on the Department for Communities and Local Government Guidance on Statements of Assurance for Fire and Rescue Authorities in England (2013). The Statement was published annually on the Service's website and demonstrated that the Service had abided by the Framework.

- Resolved -** that the report be received.

26/19 HMICFRS INSPECTION UPDATE - The Head of Corporate Assurance provided the Committee with a verbal update in relation to the recently published report of Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service's (HMICFRS) inspection of Humberside Fire and Rescue Service.

A Member Day had been held on 5 July 2019 to brief Members on the contents of the report. HMICFRS had made 17 recommendations for improvement and, together with another 16 identified by the Service itself, they had been incorporated into an improvement plan. The Director of Service Improvement and the Head of Corporate Assurance would meet with each of the Service's directors to refine the draft plan before presenting it as a standing item for both the Committee and the Authority from September 2019. The improvement plan would be subjected to a three-week consultation with the Service's staff and would also take account of staff members' views on how prepared they felt for the inspection.

- Resolved -**
- (a) That the update be received, and
 - (b) that the Committee support the Service's improvement plan through its Scrutiny Work Programme.

27/19 GAS COMMITTEE SCRUTINY PROGRAMME 2019/20 - The Committee Manager submitted a report summarising the Committee's Scrutiny Programme for 2019/20.

The Programme contained the scopes for four items planned for 2019/20:

GAS Committee Scrutiny Programme 2019/20		
Meeting Date	Responsible Officer	Item and Scope
16 September 2019	Paul McCourt	<p>Effectiveness of the Cost Recovery Model for Emergency Medical Response.</p> <ul style="list-style-type: none"> • How has EMR developed since its inception? • How can the Committee be assured that EMR is a successful venture? • How effective has the Cost Recovery Model been? • What are the benefits of EMR (in relation both to residents of Humberside and HFRS itself)? • What challenges does EMR face in the future?
11 November 2019	Miriam Heppell	<p>Training, Promotion and Development for Operational and Non-Operational Staff.</p> <ul style="list-style-type: none"> • What are processes are currently in place in relation to training, promotion and development for operational and non-operational staff? • Is provision for operational and non-operational staff equitable? • How does the Service intend to address HMICFRS' comments regarding difficulty in accessing training and development for non-operational staff? • How will the Service ensure that its development and promotion processes for operational staff are equitable and consistent?
21 February 2019	Steve Topham	<p>Business Safety Risk-Based Inspection Programme.</p> <ul style="list-style-type: none"> • The most recent HMICFRS inspection report states: "While the service responds to consultations, building regulation requests and complaints, it doesn't target its protection work on its greatest risks. The service can't carry out its risk-based inspection programme to the expectations set out in its IRMP because it doesn't have enough qualified staff." • How does the Service intend to improve its Risk-Based Inspection Programme? • There remain concerns around the impact of false alarms on

		<p><i>service delivery; how can this be addressed?</i></p> <ul style="list-style-type: none"> • <i>How will the Service ensure that it has the capacity and skills to deliver the Programme?</i>
6 April 2019	Steve Topham	<p><i>Effectiveness of the Risk-Based Targeting Strategy.</i></p> <ul style="list-style-type: none"> • <i>How is public protection activity targeted according to risk and intelligence?</i> • <i>What systems does the Service use to undertake its risk-based targeting activities?</i> • <i>How does the Service gather the intelligence necessary to target intervention effectively?</i> • <i>How does the Service respond to referrals for intervention that would not necessarily result in action according to the Risk-Based Targeting Strategy?</i>

Members considered the Programme and agreed to update the scopes as follows:

- **Effectiveness of the Cost Recovery Model for Emergency Medical Response** - to include comparisons to other fire and rescue services' Emergency Medical Response models and to include feedback from Yorkshire Ambulance Service.
- **Training, Promotion and Development for Operational and Non-Operational Staff** - to include feedback in accordance with the Committee's previous scrutiny of the Control Room as part of the item, 'Review of Business Continuity - Agreed Management Actions' (Minute 5840 refers) and to clarify what the Service did to develop leaders.

Resolved - (a) That the Scrutiny Work Programme be approved subject to the amendments above, and

(b) that progress in relation to the Committee's recommendations be reviewed biannually.

28/19 ANY OTHER BUSINESS -

EAST COAST CONSORTIUM - The Director of Service Delivery Support informed the Committee that work towards joining the Consortium was ongoing and, while particular date was not yet certain, it was anticipated that the Service would join by the end of 2019.

EMERGENCY FLEET WORKSHOP - Two Members had visited the Emergency Fleet Workshop which was operated in partnership with Humberside Police. The visit had been informative and Members had been reassured in relation to previous concerns around organisational culture.

RESCUE DAY - The annual Rescue Day had been held on 13 July 2019 and all of the emergency services present had acquitted themselves well and the quality of the partnerships between them had been clear for members of the public to see.

Meeting closed at 11.15am.