

**Minutes of the Meeting of
Shropshire and Wrekin Fire and Rescue Authority
Audit and Performance Management Committee
held in the Oak Room, Headquarters, Shrewsbury
on Thursday, 19 July 2018 at 2.00 pm**

Present

Members

Councillors Adams, Hosken, Mellings (Vice-Chair), Pinter and Sahota (Chair)

Officers

| | | |
|-----------------|--|-----------|
| Rod Hammerton | Chief Fire Officer | CFO |
| Andy Johnson | Deputy Chief Fire Officer | DCFO |
| James Walton | Treasurer | Treasurer |
| Simon Hardiman | Area Manager | AM |
| Joanne Coadey | Head of Finance | HoF |
| Ged Edwards | Planning, Performance and Communications Manager | PPCM |
| Germaine Worker | Head of Human Resources and Administration | HHRA |
| Lynn Ince | Executive Support Officer | ESO |

External Bodies

| | |
|---------------|------------------------------------|
| Mr McLarnon | Grant Thornton, External Audit |
| Mr Chadderton | Audit Services, Shropshire Council |

1 Apologies for Absence

Councillors Milner and Price
Phil Jones, Grant Thornton, External Audit
Ceri Pilawski, Audit Services, Shropshire Council

2 Disclosable Pecuniary Interests

None

3 Public Questions

None

4 Minutes

Resolved that the minutes of the Audit and Performance Management Committee meeting, held on 25 April 2018, be agreed and signed by the Chair as a correct record.

5 Committee Constitution and Training

This report brought the latest version of the Committee's constitution to the notice of its Members. It also asked Members to consider what training they wished to receive in order to fulfil their role on the Committee effectively.

Resolved that the Committee

- a) Note the constitution of the Audit and Performance Management Committee (attached as an appendix to the report); and
- b) Advise that they require no training, at present, in order to fulfil their role on the Committee effectively.

6 Statement of Accounts 2017/18

This report presented the completed Statement of Accounts for 2017/18 to the Committee for consideration and approval.

The HoF presented the report and advised that there were some small errors in the Statement which required amendment.

The Committee thanked the HoF for the information session on the Statement of Accounts which she had presented immediately prior to the meeting. Members were pleased that the Authority's financial position had improved over the year and that it was in good shape going forward.

Resolved that the Committee:

- a) Approve the Statement of Accounts 2017/18 (subject to final auditor amendment); and
- b) Delegate final amendments following completion of the audit to the Head of Finance, in consultation with the Chair of the Committee.

7 Annual Governance Statement 2017/18 and Improvement Plan 2018/19

The purpose of this report was twofold: it set out the draft Annual Governance Statement (AGS) for 2017/18 and AGS Improvement Plan 2018/19 for inclusion in the Fire Authority's Statement of Accounts; and it also detailed progress on the 2017/18 Improvement Plan.

The PPCM presented the report and advised the Committee that there was a typo in the first paragraph on page 2 of the report. The final sentence should refer to the Statement of Accounts being signed off in July rather than September.

The PPCM also drew Members' attention to page 17 of the report which set out the AGS Improvement Plan for 2018/19. This has been reviewed and the level of detail included in the 'Improvement Required' column has been amended, in order to simplify the document.

The CFO and Treasurer joined the meeting at this point (2.15 pm)

Resolved that the Committee

- a) Note the progress made on the 2017/18 Improvement Plan;
- b) Agree to close the 2017/18 Improvement Plan, carrying forward any outstanding issues to the 2018/19 Improvement Plan; and
- c) Agree the Annual Governance Statement and the 2018/19 Improvement Plan for inclusion in the 2017/18 Statement of Accounts.

8 External Audit

8a Audit Findings 2017/18

Mr McLarnon presented the Audit Findings Report on the audit for the year ended 31 March 2018.

Mr McLarnon talked through the report and particularly highlighted page 3 which stated that an unqualified audit opinion is anticipated to be issued following this meeting, which is good. No significant risks have been identified through the audit and an unqualified Value for Money conclusion is also expected to be issued.

Mr McLarnon thanked the HoF and the Finance team, as well as the wider teams in the Authority, for their co-operation during the audit and informed the meeting that this Authority had been the first client to sign off.

The Committee commented that it was a very positive report and queried page 12 of the report which set out the Action Plan following the audit. In particular, Members asked for an explanation of the traffic light assessment system that it uses. Mr McLarnon explained that the two issues included on the Action Plan, which relate to Journals Authorisation and the Officers' Register of Interests, are both considered to be low risk issues which are best practice, therefore they have been assessed as being 'green'.

Resolved that the Committee formally adopt the Audit Findings for 2016/17

Committee Clerk's Note

The Letter of Representation for the year ended 31 March 2018 was signed at the end of the meeting by the Committee Chair, Chief Fire Officer and Treasurer (in accordance with the authority delegated to them by the Fire Authority at its meeting on 13 February 2012).

8b Audit Fee Letter 2018/19

The External Audit Fee Letter 2018/19 set out details of the 2018/19 audit fee for the Authority, along with the scope and timing of External Audit's work and details of their team.

Mr McLarnon explained that this is the first year of operation under the new public audit framework. Public Sector Audit Appointments (PSAA) Ltd have published the audit fees for 2018/19, which have been reduced by 23% from last year's fees. The audit fee for the Authority has therefore reduced from £28,000 to £21,996.

The CFO clarified that this is a fixed fee which is set through the framework. There is no negotiation with regard to the fee which is based on the size and complexity of the authority that is to be audited. The only variation to the fee would be if something went wrong with the audit.

Resolved that the Committee note the Audit Fee Letter 2017/18.

9 Corporate Risk Management Summary

This report updated Members on the status of risks on the Corporate Risk Register.

The PPCM presented the report and advised the Committee that the summary of Risk Register entries, as set out on page 4 of the report, remain the same as those reported at the Fire Authority's Annual Meeting in June 2018. The only change is a slight increase in the risk rating for the risk related to European Working Time Directive 'opt-out' option.

The PPCM also reported that the Business Continuity Support Group has been invoked in relation to the implementation of the payroll, human resources, training and finance systems and is working well. The risk related to the uncertainty around a transfer to the Police and Crime Commissioner (PCC) has also been put back onto the register.

In response to a query from Members regarding the risk perspective for the General Data Protection Regulation (GDPR), the PPCM explained that the Service had identified the GDPR deadline and what it needed to do. The Data Protection Officer (DPO) for the Authority is Telford & Wrekin Council. The DPO has carried out a gap analysis and highlighted areas of focus for the Service. Staff workshops have been delivered on what the GDPR is and what obligations staff have in relation to it. HR staff have been given more in-depth training due to the nature of their work. Overall, the Service is satisfied that it has done what it needed to do but work is ongoing and officers will continue to work closely with the DPO to ensure the Service remains compliant.

Councillor Pinter left the meeting at this point (2.30 pm)

The PPCM also reported, in relation to the cyber security risk that a consultant has been commissioned to undertake the review of the ICT teams in both this and Hereford & Worcester Fire and Rescue Services. The consultant has met with both Services but as yet there is no indication of timescales for completion of the review. The CFO clarified that the review is tied in with the development of the strategic alliance between the two Services and there are lots of elements that need to be considered within it.

Resolved that the Committee note the contents of the report.

10 Internal Audit Annual Audit Report

This report provided Members with details of the work undertaken by Internal Audit for the year ended 31 March 2018. It reported on progress against the annual audit plan and also provided the Head of Audit's opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes.

Councillor Pinter returned to the meeting at this point (2.35 pm)

Mr Chadderton presented the report and particularly highlighted page 4 which stated that no significant material impacts had been identified by Internal Audit. Section 5.8 on page 4 of the report stated that the Head of Audit can deliver a positive year end opinion on the Authority's internal control environment for 2017/18 which is the best audit opinion that can be given.

Mr Chadderton explained that page 5 of the report shows the audits delivered in 2017/18 and the directions of travel conclusions. No unsatisfactory audit assurances have been issued during the year.

Page 8 of the report details the feedback forms received. Whilst the number of completed forms is very low, feedback is received via other methods such as regular meetings with the HoF and the PPCM.

Members asked who picks up the issues that are identified during the audits. Mr Chadderton explained that an action plan is developed for each recommendation and a risk owner identified. The PPCM further explained that the recommendations are reported to the Service's Risk Management Group, where issues are identified and reported to the Service Management Team for discussion and/or action.

Members commented that the Service's control environment is excellent but concern was expressed that there is still an issue with ICT although Members acknowledged that there is a framework in place to address this.

Mr Chadderton explained that a follow up ICT review is normally undertaken every year. However this year, this will be split into before and after the transfer of the payroll, finance and human resources systems. Therefore the earliest that a full review could be undertaken is 2019/20. Mr Chadderton also advised that there is nothing in the outstanding recommendations that gives great cause for concern.

The CFO acknowledged Members concerns and said that the issues should, where possible, be included in the ICT Review. The PPCM confirmed that three of the listed recommendations will be incorporated into the Review.

Resolved that the Committee have considered and endorse

- a) Performance against the Audit Plan for the year ended 31 March 2018;
- b) That the system of governance, risk management and internal control is operating effectively and can be relied upon when considering the Annual Governance Statement for 2017/18; and
- c) The Head of Audit's positive year-end opinion on the Authority's internal control environment for 2017/18 on the basis of work undertaken and management responses received.

10a Updated Internal Audit Plan 2018/19

The report recommended that the Fire Authority approve a revised programme of audit work for 2018/19 as set out in the report to reflect the major system changes being undertaken.

The HoF presented the report and outlined the proposed changes to the audit programme and to the implementation testing of recommendations from previous audits.

Resolved that the Committee recommend that the Fire Authority approve the audit plan for 2018/19, as set out in the report.

11 Benefits of Service Transformation 2012-18

This report updated Members on Service Transformation Programme (STP) benefits to date.

The PPCM presented this report and advised that the report attached at the Appendix had been compiled by the Service Development Officer prior to her retirement. The report contains 13 areas of focus and outlines the direction of travel and benefits for each area.

Members asked if the aim of the STP was to improve efficiency and value for money and service delivery. The CFO confirmed that this was correct but commented that the fire and rescue service does tend to be bad at evaluation. This report enables the Service to take stock of the STP going forward and to check that the STP is delivering the benefits that it was forecast to deliver. It allows the Service to reflect and consider if it needs to advance at the same pace and to adjust budgets accordingly. The CFO acknowledged that employees have taken the STP developments on board and worked with the Service to facilitate them.

The DCFO commented that the internal transformation that has been achieved puts this Service in a different position to the other entities that are involved in the Police and Crime Commissioner Business Case. The Strategic Alliance proposals will help with discussions around ICT / HR and how these will go forward.

The CFO commented that the programme of technical change for the Service was an ambitious one, but adoption of new technology cannot be seen as an end in itself, as it was believed that ICT was the answer to everything. Cost benefit analyses must be done; the areas which are most beneficial and safety critical needed to be done first with investment in some areas not being justified.

Members praised the report, commenting that is an excellent document which showed the way in which the Service has embraced a culture of change. It was helpful to see STP information brought together but Members did feel that information about levels of investment and costs seemed to be missing from the report. It was felt that inclusion of levels of investment and financially quantifiable impacts year on year would give a more rounded picture. The CFO agreed and undertook to include these details in the Executive Summary of future reports.

The CFO asked the Committee how often they would like to receive this report. The PPCM advised that is generally done on an annual basis but it would be possible to bring it back in 6 months' time. The Committee agreed that the report should be brought back in 6 months' time.

Resolved that the Committee note the report at the Appendix.

12 Summary of Compliments and Complaints 2015/16 to 2017/18

This report advised Members of summary details regarding the compliments and complaints received during 2017/18, with comparisons to 2016/17 and 2015/16.

The DCFO presented this report and advised that consideration had been given to creating an electronic process for complaints but it was not feasible to do so. Referring to page 2 of the report, the DCFO explained that the increase in the number of complaints over the past two years may be due to the criteria used to decide what is and is not a complaint but a consistent approach has been taken over the past 2 years. The DCFO also confirmed that there had been no appeals, related to the outcome of a complaint, to either the Chief Fire Officer or the Local Government Ombudsman during 2017/18.

Members asked if the Service would pay compensation in relation to damage to property. The CFO explained that the Service would if the damage was not associated with the undertaking of its legal duties or if it was due to the Service's negligence.

Members also asked if compliments received were passed onto the crews concerned. The CFO explained that they are and that an acknowledgment is also sent to the person who has submitted the compliment.

Resolved that the Committee note the report.

13 Performance Monitoring

13a Service Targets April to June 2018

This report presented a summary of the Service's performance from April to June 2018.

The DCFO presented this report and advised that performance against Service targets is being closely monitored particularly as the Service is currently not on track to meet five of the targets, although it should be remembered that it is only the first quarter of the year. Performance against target 1a related to response is particularly disappointing at present. The Service is investing effort into exploring the reasons for this and the presentation at item 13b will outline some of the possible issues around this. The DCFO also reported that up until the end of June there had been no fire related deaths or serious injuries.

The CFO explained that there has been a national trend towards an increasing number of incidents but the reasons for this trend have not yet been identified. One possibility being put forward is that the increase is related to chronic "austerity" but again there was no conclusive evidence as yet. Members asked for clarification that this was a trend as opposed to blip. The CFO confirmed that this appeared to be the case at present.

The DCFO explained that there had been a drop in incident numbers to 2013/14 with an upturn in number since this date. It is hoped that the 23% increase that was seen in June is an aberration. There is a possibility that items in the strategic plan which have not seen any increase, may have plateaued and it may be difficult to drive performance down further. Members commented that it would be useful to see information regarding trends and patterns in future reports.

The CFO commented that the challenge for the Fire Authority will be when to review its targets. The DCFO added that other incidents, such as road traffic collisions, will also need to be included in the next iteration of the Integrated Risk Management Plan, which is due in a couple of years' time.

Resolved that the Committee note the report

13b Presentation on Service Targets

As agreed at the July 2016 meeting of the Committee, the Head of Operations and Risk gave a presentation on the following 2018/19 Service Target:

The first fire engine will arrive at an emergency incident with at least 4 firefighters within 15 minutes on 89% of occasions

A copy of the presentation slides has been placed on the signed minute file for this Committee.

Councillor Adams asked if fire hydrants were incorporated into planning applications. The AM explained that the Fire Service is a statutory consultee in relation to water supply, access and egress and are notified when planning applications are submitted.

Resolved the Committee note the presentation

13c Wholetime and Retained Duty System Performance Monitoring April to July 2018

This report provided information regarding the ongoing performance and management in terms of the availability of Wholetime and Retained Duty System (RDS) appliances in Shropshire.

The DCFO presented this report and highlighted that wholetime availability has remained at 100% and the RDS stations detailed on page 2 of the report who have also achieved 100% availability. The DCFO explained that the Service always acknowledges all its RDS stations, regardless of whether or not they are meeting performance criteria.

The DCFO reported that Minsterley and Albrighton are the focus of the current recruitment campaign. The DCFO also highlighted the forthcoming change to the Fire Service Rota (FSR) system and the freedom that this will give to RDS employees in relation to availability management, particularly with the use of the smartphone app.

Resolved that the Committee note the report

14 Exclusion of Press and Public

Resolved that the Committee being satisfied in all the circumstances of the case that the public interest in maintaining the exemption outweighs the public interest in disclosing this information, formally resolve that the press and public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information, as defined in Paragraph 4 of Schedule 12A to the Local Government Act 1972.

15 Corporate Risk Management Summary (Paragraph 4)

The Committee received Appendix C to report 9 – Corporate Risk Management Summary, which was considered in closed session, as it contained exempt information.

Resolved that the Committee note exempt Appendix C to report 9.

The meeting closed at 3.50 pm.

Chair.....

Date.....