

**Non-Exempt 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, 11 September 2014 at 2.00 pm**

Present

Members

Councillors Bennett, Mrs Bould, Hurst-Knight, Dr Jones (Chair), Kiernan and Mellings (Vice-Chair)

Officers

Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer, Corporate Support Manager (for items 1 to 9) Head of Area Command, Head of Development, Safety and Risk (for item 14), Head of Finance, Planning and Performance Manager, Company Manager Shropshire Fire Risk Management Services (for items 15 to 17) and Executive Support Officer

External Bodies

Mr Patterson (Grant Thornton, External Audit)
Mrs Pilawski and Mr Seddon (Audit Services, Shropshire Council)

1 Apologies for Absence

Apologies for absence had been received from Councillor Adams.

The Treasurer and the Group Commander Shropshire Rural Performance Group had given their apologies for the meeting.

2 Disclosable Pecuniary Interests

The Chair reminded Members that they must not participate in the discussion of, or voting on, any matter, in which they had a Disclosable Pecuniary Interest, and that they should leave the room prior to the commencement of the debate on any such matter.

Councillors Kiernan and Mellings declared a Disclosable Pecuniary Interest in items 13 and 17, as Directors of Shropshire Fire Risk Management Services.

Both Members had been granted a dispensation by the Standards Committee, which allowed them to take part in the discussion of, and vote on, matters, relating to Shropshire Fire Risk Management Services, providing that legal opinion considered the participation to be appropriate. On this occasion, the report to be considered detailed the performance of Shropshire Fire Risk Management Services and was for information purposes only. It was, therefore, deemed appropriate for Councillors Kiernan and Mellings to participate in the discussion of these items.

3 Minutes

Members received the non-exempt minutes of the Audit and Performance Management Committee meeting, held on 12 June 2014.

It was proposed by Councillor Bennett, seconded by Councillor Mellings and

Resolved that the minutes of the Audit and Performance Management Committee meeting, held on 12 June 2014, be agreed and signed by the Chair as a correct record

4 Public Questions

No questions, statements or petitions had been received from members of the public.

5 Committee Constitution and Training

This report brought the latest version of the Committee's constitution to the notice of its Members. It also brought Members up-to-date on training issues and asked them to consider what should be the subject of the next training session.

Councillor Bennett commented that there appeared to be a focus on CIPFA within the Terms of Reference (ToRs) and that they contained no reference to, or specific focus on, ICT, which was a major part of the business of the organisation. Mrs Pilawski explained that the governance role of the Committee covered risk management, which included IT and related issues, with the Committee looking at the controls put in place for these issues. Councillor Bennett disagreed and stated that this provided insufficient Member attention, given the practical issues involved with IT. Councillor Bennett further stated that he would be happier if ICT was specifically mentioned in the ToRs rather than just being implied.

Mr Patterson (External Audit) commented that it was not usual for ICT to be specifically referred to in the ToRs for an Audit Committee and that the governance role of the Committee would be deemed sufficient with regard to the control and risk management of ICT issues. The Chief Fire Officer (CFO) commented that the Service was keen to improve its 'digital platform', as it was an enabler to achieve the outcomes that the Committee scrutinised.

The Assistant Chief Fire Officer (ACFO) explained that ICT is a large component of the current Service Transformation Programme (STP). As the Committee was also aware, ICT was part of the annual audit undertaken by Audit Services, with any 'significant' recommendations from the audit being brought to the Risk Management Group (RMG), and to this Committee, for scrutiny.

Councillor Bennett responded that he felt that a lack of specific reference to ICT in the ToRs was not normal in the 21st century, where digital systems, which change rapidly, were an integral part of life. He felt nervous with there only being implied reference to ICT and suggested that direct reference should be made to ICT and its strategic overview, risks and performance.

The CFO suggested that the Risk Management Group might be a possible route for monitoring of IT issues. The Planning and Performance Manager (PPM) agreed that this would be a good solution, especially as the Chair of this Committee sat on the RMG. The ACFO advised that a meeting of the RMG was due to be held in the near future and that the issues outlined here could be considered then. Councillor Bennett said that he was happy to move the recommendations in the paper, subject to ICT being referred to in the ToRs for the Committee.

With regard to training, Councillor Hurst-Knight commented that any training provided for the Committee should be made available to all members of the Fire Authority. The Corporate Support Manager agreed that this would be done where possible and where the training was beneficial to all Members.

It was then proposed by Councillor Mellings, seconded by Councillor Kiernan, and, on a vote with 5 Members voting for and 1 Member voting against, it was

Resolved that the Committee:

- a) Note the constitution of the Audit and Performance Management Committee (attached as an appendix to the report); and
- b) Agree that a training session on the CIPFA Briefing entitled 'the Transformation Journey: The case for alternative service delivery models in the Public Sector' should be offered to all Members of the Fire Authority

6 Statement of Accounts 2013/14

This report presented the completed Statement of Accounts to the Committee, for consideration and approval.

The Head of Finance (HoF) explained that a paper, setting out the proposed use of the £1.02 million underspend, would be presented to the Strategy and Resources Committee on 18 September 2014 for consideration and recommendation to the Fire Authority. She also reported that the end-of-year processes were improved this year. The peer review with Hereford and Worcester Fire and Rescue Service had proved particularly useful and this would be built upon for next year.

The HoF then referred to Appendix A to the report and talked through the Explanatory Foreword to the Statement of Accounts. She highlighted that totals would be included for the Reserves on page 7 of the document. She also explained that council tax payers were not responsible for the depreciation costs within the Income and Expenditure Account. These were balanced out by movements in Reserves.

With regard to Appendix B to the report, the HoF explained that this provided a snapshot of Balance Sheet Movements as at 31 March 2014 and that it included Pension Liabilities. She highlighted that the increase in debtors was due to an issue with VAT, the pension top-up debt and sundry debtors, which had all now been paid and cleared. The increase in the Collection Fund had also had an effect.

The HoF also clarified that the movement from the 2012/13 General Fund balance was as agreed by the Fire Authority the previous year.

Councillor Mellings commented that the Statement of Accounts had been made easier to understand this year. He referred to the Collection Fund and asked if this was actual money. The HoF responded that the Collection Fund was held at Shropshire Council and Telford & Wrekin Council and that the Service had to reflect the proportion held in its Statement of Accounts. This figure was, therefore, a technical representation rather than actual money.

Councillor Mellings asked if the process for the approval of the Statement of Accounts was correct. He specifically asked for the External Auditor's view on whether there was any benefit in the Committee seeing the Statement of Accounts prior to its coming for final approval. Councillor Mellings also asked about the Accounting Policies and how they are approved. The HoF responded that the Accounting Policies were reviewed and updated as the Statement of Accounts was being prepared. Mr Patterson commented that it was considered good practice for the Committee to approve the Accounting Policies and key assumptions but this would be dependent on the Committee meeting cycle.

Mr Patterson commented that there was no statutory requirement to bring the Statement of Accounts before June and the Authority was, therefore, compliant with statute regarding this. If Members felt that there was an over-reliance on External Audit to say that the Final Accounts were satisfactory, then it would be a decision for the Fire Authority as to whether the Committee saw them earlier. External Audit reported on changes to the Accounts, so it might be better for the Committee to look at them as soon as possible and feedback on any issues. Councillor Mellings thanked Mr Patterson for this information and said that it was something for the Committee and the Fire Authority to reflect on in the future.

It was proposed by Councillor Mellings, seconded by Councillor Hurst-Knight, and

Resolved that the Committee:

- a) Approve the Statement of Accounts 2013/14 (subject to final auditor amendment), subject to the incorporation of the Annual Governance Statement; and
- b) Delegate final amendments following completion of the audit to Head of Finance, in consultation with the Chair of the Committee

7 Audit Findings 2013/14

Mr Patterson from Grant Thornton, External Audit presented the Audit Findings Report on the audit for the year ended 31 March 2014. He advised that the audit was substantially complete and that the delay was due to External Audit work rather than the Fire Authority. The report brought to the Committee was, therefore, draft.

Mr Patterson talked through the Audit Findings and highlighted the issues set out in the report.

In particular, he drew the Committee's attention to the issue of pension payments. There had been around 50 instances of insufficient payment since 2007, which equated to a cost of approximately £123,000. As the Fire Authority would receive top-up monies relating to this, there would be no bottom line impact. It was not a material sum but would need to be adjusted in next year's Statement.

Mr Patterson advised that External Audit were likely to give an unqualified opinion on Value for Money and the Financial Statements, although this would be confirmed, once the audit work had been completed. There were no adjusted misstatements and Mr Patterson recommended that a standard Letter of Representation, including an attached schedule relating to the £123,000 discussed earlier, be prepared for signature by the Treasurer, CFO and Chair of the Committee.

Mr Patterson advised that, once complete, the final version of the Audit Findings report would be circulated to Committee members via the Corporate Support Manager.

It was proposed by Councillor Mellings, seconded by Councillor Mrs Bould and

Resolved that the Committee formally adopt the Audit Findings for 2013/14

Committee Clerk's Note

The Letter of Representation for the year ended 31 March 2014 would be signed at a later date, when the Statement of Accounts had been finalised, 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).

8 Annual Governance Statement 2013/14 and Improvement Plan 2014/15

The purpose of this report was twofold: it set out the draft Annual Governance Statement (AGS) for 2013/14 and AGS Improvement Plan 2014/15 to be included in the Fire Authority's Statement of Accounts; and it also detailed progress on the 2013/14 Improvement Plan.

The PPM presented this report and explained that all the Improvements, detailed in the 2013/14 AGS, had been transferred to the 2014/15 AGS, together with one new work stream, which related to Payroll.

Councillor Bennett referred to paragraph 3 of the report and asked who should be able to understand the Statement. He also referred to Improvement number 4 on page 3 of Appendix A and asked that the word 'preventative' be removed from the second point. Councillor Bennett also referred to item 2 on progress to date for this Improvement and asked who undertook the regular monitoring.

The PPM responded that the Statement was meant to be understood by Members and the general public. The PPM also noted the issue with the wording on Improvement 4 and undertook to amend this.

With regard to monitoring, the PPM advised that the action plan was reviewed by officers.

Councillor Bennett then asked how often the outcome of these reviews were communicated back to Members. The PPM explained that the outcomes were reported to the RMG, which was chaired by the Chair of the Committee. The ACFO referred to page 3 of paper 11 on the agenda, which set out the outstanding Internal Audit recommendations and explained that the leads for each Departmental Area met every 6 weeks to review the outstanding recommendations and look at individual items as necessary.

The Chair reassured Councillor Bennett that ICT was a huge part of the Service's focus with regard to control and risk management.

It was proposed by Councillor Bennett, seconded by Councillor Kiernan and

Resolved that the Committee:

- a) Note the progress made on 2013/14 Improvement Plan;
- b) Agree to close the 2013/14 Improvement Plan, carrying forward any outstanding issues to the 2014/15 Improvement Plan; and
- c) Agree the AGS and 2014/15 Improvement Plan for inclusion in the 2013/14 Statement of Accounts

Councillor Bould left the meeting at this point (3.05 pm).

9 Code of Corporate Governance 2014/15

This report gave the Committee an opportunity to make comment on the draft Code of Corporate Governance 2014/15, prior to its going forward to the full Fire Authority for consideration and formal adoption.

Councillor Bennett referred to the hyperlinks that were included as text in the report and asked if they could be made easier to use or could be made to direct the user to an opening page. The CSM replied that the hyperlinks could be accessed easily when the document was being used electronically. The Deputy Chief Fire Officer (DCFO) advised that Councillor Bennett was referring to 'Tiny URLs'. The ACFO explained that the Service was not currently using Tiny URLs but their use would be looked at in the future. The issue would not, however, be resolvable within the next few months.

It was proposed by Councillor Bennett, seconded by Councillor Mellings and

Resolved that the Committee forward the draft Code without amendment to the Fire Authority for consideration and formal adoption

The Corporate Support Manager left the meeting at this point.

10 Internal Audit Report Corporate Governance 2014/15

Mrs Pilawski from Audit Services, Shropshire Council presented this report, which set out the findings from her review of corporate governance within the Fire Authority. She said that there were no recommendations arising from the audit and that the assurance opinion was 'good'.

The Chair thanked officers for their work on the Code of Corporate Governance 2014/15.

It was proposed by Councillor Mellings, seconded by Councillor Kiernan and

Resolved that the Committee note the report

Councillor Bould returned to the meeting at this point (3.10 pm).

11 Risk Management Group Internal Audit Progress Monitoring Report

This report provided an update on the monitoring of recommendations made by Internal Audit, which was undertaken by the Risk Management Group (RMG). It specifically covered details about the progress made against outstanding recommendations.

The PPM presented the report and drew Members' attention to the breakdown of outstanding recommendations at paragraph 4.

Councillor Bennett commented that IT had the highest number of 'significant' recommendations. The PPM reiterated the Service's focus on IT. The ACFO explained that these recommendations tied in with the significant investment that had been made in the Command and Control system. The 10 significant HR recommendations had been raised by a specific payroll audit, which officers had requested as an extra piece of work above the pre-planned audit timetable. All of the recommendations had traceable routes, had been actioned and were being actively managed.

It was proposed by Councillor Hurst-Knight, seconded by Councillor Mellings and

Resolved that the Committee note:

- a) The progress made against the outstanding recommendations; and
- b) That the RMG would continue to monitor progress against all recommendations, reporting to this Committee on a regular basis

Mrs Pilawski and Mr Seddon left the meeting at this point (3.15 pm).

12 Draft Annual Report 2013/14

This report presented the draft Annual Report (also known as the Annual Statement of Assurance) for 2013/14 and gave the Committee an opportunity to make comment on the draft, prior to its going forward to the full Fire Authority.

Councillor Bennett referred to page 6 of the appendix and asked that the first paragraph on the page be reworded, as it did not make sense. The ACFO undertook to do this before the draft Report was considered by the Fire Authority.

Mr Patterson advised that the document should be renamed, as a formal Annual Report was a document that required auditing.

Subject to the above, it was proposed by Councillor Mellings, seconded by Councillor Kiernan and

Resolved that the Committee, having made comment on the draft Annual Report 2013/14, forward the Report to the Fire Authority for consideration and formal adoption

Committee Clerk note

Mr Patterson agreed with the ACFO, after the close of the meeting, that the document be renamed as an 'Annual Review'.

13 Rescue Tender Performance Update

This report provided Members with an update on the impact to the public of Shropshire of changing the crewing of the Rescue Tender (RT) at Wellington Fire and Rescue Station from "primary" to "switch" crewed.

The Head of Area Command (HoAC) presented this report and advised that the changes to the crewing of the RT had been a sensitive decision for the Fire Authority in terms of financial savings and public impact. The report showed, however, that there had been a negligible impact on response times. He advised that the financial savings required from the changes to crewing would be achieved by the end of December this year. He reported that ongoing monitoring of response standards was being undertaken. The DCFO advised that a final report would be brought to the Fire Authority in December 2014.

It was proposed by Councillor Bennett, seconded by Councillor Mellings and

Resolved that the Committee:

- a) Note the contents of the report; and
- b) Support the Service recommendation to continue with the current crewing arrangement for the Rescue Tender

14 Performance Monitoring

14a Public Value Measures April to August 2014

This report presented a summary of the Service's performance for the period April to August 2014, as recorded against the Public Value Measures, set out in the 2014/15 Service Plan.

The ACFO presented this report and highlighted Appendix A, which showed that the Service was achieving 5 out of its 6 Public Value measures. Measure 1b – the first fire engine will arrive with a minimum competent crew on 100% of occasions – was failing. An explanation for this failure was given at Appendix B to the report.

Councillor Mellings commented that the information provided was very useful. He also referred to the Prevention Department Update, which highlighted outdoor fires and asked if a summer arson campaign had been undertaken. The HoAC advised that, whilst statistics were not available at present, it appeared that there had been relatively low activity over the summer holidays.

Councillor Bennett referred to the expansion of housing provision in Telford and commented that, as we moved towards 2020, there would be more premises for the Fire Authority to protect. He recognised that there would be an increase in the amount of Council Tax collected but asked what impact the increase in properties would have on Public Value measures. The CFO responded that the Service was looking to the future and had built links with both Shropshire Council and Telford & Wrekin Council's Planning Departments and also with the local health authorities. The CFO explained that the increase would be mostly due to new properties, which were subject to the latest building standards and which had an anti-fire bias.

It was proposed by Councillor Mellings, seconded by Councillor Bennett and

Resolved that the Committee note the report

Councillor Bould left the meeting at this point (3.35 pm).

14b Wholetime and Retained Duty System Performance Monitoring April to July 2014

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 introduced the report by explaining that Wholetime availability had been included to show the impact on the Service of the recent periods of industrial action (IA) and 'action short of a strike' (ASOS). The DCFO noted that the yellow lines on the graphs on pages 3 and 4 of the report were difficult to read.

The HoAC presented the RDS availability section of the report and highlighted the impact that IA had had on the three RDS stations that were also Wholetime. The HoAC reported that RDS recruitment was ongoing at Albrighton, Cleobury Mortimer and Much Wenlock. Many approaches were being taken to recruitment, including targeting local gyms and offering a degree of flexibility over the hours of cover provided. The Women's Taster Days appeared to have been successful and would be continued into 2015.

It was proposed by Councillor Mellings, seconded by Councillor Bennett and

Resolved that the Committee note the report

15 Shropshire Fire Risk Management Services Ltd. Performance Reporting

This report provided information on the performance of the Fire Authority controlled company, Shropshire Fire Risk Management Services (SFRMS). The appendix to this report contained exempt information and would, therefore, be considered in closed session at item 17.

The Company Manager (CM) presented the report and informed Members that a review of the Business Plan for SFRMS was to be undertaken, which would include a review of the performance monitoring indicators for the business.

The CFO advised that the Fire Industries Association (FIA) had lodged a complaint with the European Commission (EC) regarding fire and rescue service companies. The FIA alleged that the use of the fire service 'brand' by fire and rescue service companies constituted state aid and that the UK Government was, therefore, in breach of European Union state aid rules.

The EC had requested that the UK Government provide a response to the FIA allegations. As part of this, the Department for Communities and Local Government (DCLG) had written to this Fire Authority, as one of the eleven cited in the FIA challenge, requesting information. The Authority had responded to the DCLG request and had also been involved in the joint response submitted by the Local Government Association and the Chief Fire Officers Association. It was noted that the challenge was a significant issue, which, it was anticipated, would take some time to resolve.

It was proposed by Councillor Bennett, seconded by Councillor Mellings and

Resolved that the Committee note the report

16 Local Government Act 1972

It was proposed by Councillor Mellings, seconded by Councillor Bennett and

Resolved that, under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following item on the grounds that it involved the likely disclosure of exempt information, as defined by the provisions of Part I of Schedule 12(A) to the Act, by virtue of Paragraph 3

17 Shropshire Fire Risk Management Services Ltd. (Paragraph 3)

The Committee received the following appendices to report 15, which contained exempt information:

- 17a Directors Report and Financial Statements for the period ended 31 March 2014, including Detailed Trading and Profit and Loss Account for the period
- 17b 2014/15 Financial Statements; and
- 17c Performance Information

It was proposed by Councillor Bennett, seconded by Councillor Hurst-Knight and

Resolved that the Committee note exempt papers:

- 17a Directors Report and Financial Statements for the period ended 31 March 2014, including Detailed Trading and Profit and Loss Account for the period;
- 17b 2014/15 Financial Statements; and
- 17c Performance Information

The meeting closed at 3.55 pm.

Chair.....

Date.....