MINUTES OF CORPORATE SERVICES POLICY AND CHALLENGE GROUP MEETING HELD ON 21 JUNE 2017

Present: Councillors F Chapman, M Headley and Y Waheed

CFO P Fuller, ACO Z Evans, GC D Cook, Mr J Atkinson and Mr G Chambers

17-18/CS/1 Apologies

Apologies for absence were received from Councillors Duckett and McVicar.

17-18/CS/2 Election of Vice Chair 2017/18

RESOLVED:
That Councillor Chapman be elected Vice Chair of the Policy and Challenge Group for 2017/18.

17-18/CS/3 Declarations of Disclosable Pecuniary and Other Interests

There were no declarations of interests.

17-18/CS/4 Communications (including minutes of ICT Shared Service)

The Policy and Challenge Group received the Minutes of the ICT Shared Service Governance Board held on 23 March 2017 for information.

There were no other communications.

RESOLVED:
That the Minutes of the ICT Shared Service Governance Board held on 23 March 2017 be received.

17-18/CS/5 Minutes

RESOLVED:
That the Minutes of the meeting held on 14 March 2017 be confirmed and signed as a true record.

17-18/CS/6 Terms of Reference

Members were requested to review the Policy and Challenge Group's terms of reference.

The Chair commented that there was no Corporate Services Directorate (as referred to in point 6) and all references to a Director in the Group's Terms of Reference should be replaced with reference to Corporate Services functions.

RESOLVED:
That the Fire and Rescue Authority be recommended to approve the following amendment to the Corporate Services Policy and Challenge Group's Terms of Reference: that all references

to the Corporate Services Directorate be replaced with references to Corporate Services functions.

17-18/CS/7 Corporate Services Performance 2017/18 Year End and Programmes to date

ACO Evans submitted the 2016/17 year-end report on the Corporate Services programme, projects to date and performance against Corporate Services performance indicators and associated targets.

The HR and Payroll System Project, iTrent, went live in February 2017. Systems integration with the previous system was still ongoing and Workbench was currently with HR staff for testing. The project had been RAG rated as Amber pending completion of a final budget analysis.

In relation to asset tracking, GC D Cook reported that the resource costs required to support the project needed to be redefined and a budgetary allocation bid submitted before this project was progressed further. The specification had been developed for a fully automated system that would allow equipment to be scanned in at the stations with all items monitored so that appropriate maintenance and testing could be undertaken. Eventually, the tracking system would also be rolled out across workshops and property.

ACO Evans drew Members' attention to the year-end performance report. All workshops indicators and all ICT indicators, with the exception of IM1 which had been discussed at the previous meeting, had achieved their target levels.

Mr G Chambers, the Head of Finance and Treasurer, reported on the finance indicators that were rated amber or red. He advised that FNP2a and FNP2b, relating to the accuracy of the net budget forecast, would not be available until the closure of the 2016/17 accounts and would be reported at the Group's next meeting.

FNP5 (percentage of uncontested invoices paid within 30 days) had missed its target by 1%. The Group had agreed to reduce the target for this indicator from 97% to 96% from 2017/18 in line with historical performance.

FNP6 (percentage of outstanding debt over 90 days old): the total of outstanding debt was £43,782.47 with just over £2,000 being over 90 days old. These related to special services rendered and the debts were being pursued through small claims courts.

FNP7 (percentage of planned efficiencies achieved) had missed its target as one of the identified efficiencies, income from Luton Borough Council to contribute to the cost of the Rogue Landlord Scheme, had not been achieved.

FNP8 (return on investment) had missed its target as a result of low interest rates. Whilst the percentage target was missed, the budgeted income had been exceeded.

The Head of Finance and Treasurer reported that all the measures of utility usage had come in under the benchmarked figures.

RESOLVED:
That the progress made on Corporate Services Programmes and Performance be acknowledged.

17-18/CS/8 New Internal Audit Report Completed to date

ACO Evans introduced the audits of Governance, Transparency and Decision-Making, Risk Management and the Follow-Up Audit. The first two audits had been awarded audit opinions of reasonable assurance.

The result of the follow-up audit was that the Authority had demonstrated good progress in implementing the agreed management actions.

The majority of the recommendations identified in the audit of Governance, Transparency and Decision-Making had already been completed. The amount of work in complying with the requirements of transparency legislation and in ensuring that all the information published was up to date was acknowledged.

In response to a question about the suggestions identified within the audit report, ACO Evans advised that suggestions had no compliance status and that they had been noted but would not form part of the action plan arising from the audit.

The Chair suggested that a management response to the suggestions should be included in future audit reports for Members' benefit in relation to any audits that included suggestions, even if this simply stated that the suggestions had been acknowledged and would not be acted upon.

Four medium priority recommendations had arisen from the Risk Management audit and these would be completed by the due dates set out in the action plan.

RESOLVED:
That the internal audit report be received and the associated management comments/actions which will be added to the Audit and Governance Action Plan Monitoring report be endorsed.

17-18/CS/9 Audit and Governance Action Plan Monitoring Report

ACO Evans introduced her report on progress made to date against current action plans arising from internal and external audit reports. No extensions had been requested and all the actions from previous audits had been completed.

The actions from the internal audits discussed earlier in the meeting would be added to the monitoring report from the Group's next meeting.

There were no outstanding actions arising from the Annual Governance Statement.

The view was expressed that this report gave Members reassurance that actions identified in audit reports were completed within the relevant timescales.

RESOLVED:
That progress made to date against the action plans be acknowledged.

17-18/CS/10 Revenue Budget and Capital Programme Monitoring 2017/18

The Head of Finance and Treasurer introduced the report on the revenue budget and capital programme monitoring and the forecast year-end budget monitoring position as at 30 April 2017.

There was currently a surplus of £11,000 under the Head of Community Safety arising from a payment from Luton Borough Council for the Rogue Landlord Scheme.

There was currently no forecast salary underspend or overspend and the Capital Programme items were rated as green.

The Policy and Challenge Group was advised that there was a large sum of money due to the Authority from the Home Office in relation to pensions and it was hoped that this would be received by the end of July/early August. Members would need to agree how to allocate this sum as part of the budget-setting process for 2018/19.

RESOLVED:
That the forecast outturn for revenue and capital be noted.

17-18/CS/11 Treasury Management Annual Report

The Head of Finance and Treasurer presented the Treasury Management Annual Report for 2016/17.

The report set out the Authority's borrowing and investment strategy, as well as the range of investments held by the Authority during the year.

The Head of Finance and Treasurer advised that levels of investment fluctuated from £6.7 million at the start of 2016/17 to £11 million and then down to £8.5 million as at 31 March 2017.

The Authority's investments had generated £129,436 of income during the year against a target of £99,400.

No debt rescheduling had been undertaken during the year. The Authority had long-term borrowing of just under £10 million and there was a high penalty to reschedule this debt.

The prudential indicators were also set out in the report, as were the interest rate forecasts and a general review of the economy and interest rates from Capita. It was noted that Capita would be providing treasury management training to Members at the Development Day on 4 July 2017.

In response to a question, the Head of Finance and Treasurer advised that the maturity structure of borrowing was not a formal limit and that the information was only for Members to note. The word "limit" would be removed from the prudential indicator table. 99% of borrowing had been for a period of 10 years and above, with 1% relating to a loan that was repaid during the year. Therefore, at 31 March 2017, 100% of borrowing was for 10 years and above.

The Chair asked for additional information on the prudential indicators and, in particular, the borrowing limits, to be sent to Members of the Committee.

RESOLVED:
1. That the report be noted.
2. That the Members of the Committee be sent an update on the prudential indicators and borrowing limits.

17-18/CS/12 Asset Management Policy and Plans - ICT, Property and Fleet

The Chair suggested that, in future years, the asset management plans be phased across a number of the Group's meetings to allow Members sufficient time to consider the individual plans in detail. This could be considered for future years' work programmes.

He also expressed the view that Members should be given the opportunity to review the Asset Management Strategy itself.

The Head of Finance and Treasurer presented the covering report to the Asset Management Plans for 2017/18 to 2020/21 for Fleet & Transport, Information & Communications Technology and Land & Buildings. The total value of assets as at 31 March 2017 was £31,326,000: £5.7 million of vehicles, plant and equipment, £24 million of land and buildings and £1.6 million of assets under construction.

Further to queries raised at previous meetings of the Group, the Head of Finance and Treasurer reported that investigations had been undertaken into the water usage at Ampthill, Toddington and Shefford stations.

The result of this was that it had been determined that the Ampthill benchmark had been set too high as it was set on inaccurate measurements, the actual usage measured at Shefford was too high and had been revised down, and the benchmark for Toddington was low based on previous year averages and the actual usage was used to set the 2017/18 benchmark.

The Group then went on to consider the individual Asset Management Plans.

Fleet & Transport

GC D Cook introduced the updated Fleet & Transport Asset Management Plan. He highlighted the following changes that had been made to the Plan:

- The section on assets, locations and cost had been updated. The current fleet numbered 115 and there were currently no vehicles on lease.
- Capita was employed to provide advice on investments and borrowing and, in the current financial climate, it was more prudent to buy vehicles and other assets rather than lease.
- The age profile of the fleet had decreased from 8 years to 7 years. 10 new vehicles had been purchased in the year with 7 more planned for 2017/18.
- The carbon footprint of the fleet had increased slightly as the mileage travelled by the fleet had increased, as had the cost of fuel, although the Aerial Platforms were now fuelled with red diesel.
- The Service had been successful in recruiting to vacant workshop posts which had reduced the outsourcing budget.
- The projects for the next three year period had been updated.
- End of year performance indicators were included, all of which had met or exceeded targets.
- Achievements during the year were set out in the appendix to the Plan. These included the purchase of fire bikes, rescue pumps and the Special Response Unit.

In response to questions on the mileage of the fleet, which had increased significantly from 152,000 in 2015/16 to 192,000 in 2016/17, GC D Cook advised that this was the result of the additional collaboration work, such as co-responding and forced entry, taken on by the Service.

The view was expressed that if the collaboration work was at a cost to the Service, and in terms to the mileage travelled by the fleet it was, than this should be acknowledged and some form of cost recovery should be introduced.

ACO Evans confirmed that in other collaborative arrangements, such as the ICT Shared Service, costs were shared. Other blue-light services were also being charged for premises use. Co-responding was a national pilot and the actual model for delivery in the future had not yet been determined.

The Chair requested that, in reports to the FRA, this was highlighted as an issue as Members had not been aware of the increase in mileage previous to discussing this Plan.

In response to a question on forecasting the fleet maintenance revenue budget, GC Cook explained the difficulties that arose in forecasting maintenance costs, particularly for vehicles aged over 5 years. Even vehicles of the same age could have different faults.

It was acknowledged that, although the age profile of the fleet was decreasing, the Service operated a “long life” policy to extend the life of some equipment and this made it difficult to predict what future revenue costs would be.

The Head of Finance and Treasurer reassured Members that he scrutinised all budgets line by line with the relevant Principal Officer. There had not been a significant overspend or underspend in this area and the budget contained a high level of detail.

Members were advised that this budget could be considered during the budget-setting process.

Information and Communications Technology

ACO Evans referred Members to the summary of the ICT Asset Management Plan provided by the Head of ICT and advised that the annual review of the ICT Shared Service would take place at the Group’s next meeting.

ACO Evans highlighted the following points from the summary:

- The Asset Management Plan detailed the assets of the ICT Shared Service, including networks, hardware and software.
- Work was ongoing to replace the Pharos system with “best of breed” products. The first migration away from Pharos had been the new HR and payroll system, iTrent.
- Projects for the next four years were set out in the Plan. This included work on shared servers and disaster recovery. The procurement of a Wide Area Network, Eastnet, was being led by Cambridgeshire County Council. In the interim period, the life of the current arrangement was planned to be extended to December 2019.
- Security and resilience would also need to be enhanced.
- Server replacements were being planned for 2018. The desktop infrastructure replacement programme (VDI) was coming to an end, with VDI evolution commencing in 2018/19.
- An assessment of cloud-readiness had begun to ensure that the Service was able to utilise cloud technologies and infrastructure.
- The action plan had been updated and revised.

In response to a question, ACO Evans confirmed that iTrent was cloud-based.

Funding for the VDI evolution had not yet been approved to form part of the Capital Programme and would be considered as part of the budget setting process for 2018/19.

It was noted that this was required as the Citrix system currently used by the Service was being discontinued, therefore an upgrade was required.

Land & Buildings

The Head of Finance and Treasurer introduced the Asset Management Plan for Land & Buildings.

He drew Members' attention to the following points:

- A section on collaboration and the Policing and Crime Act had been included.
- The Service continued to share its stations with the Police, Ambulance Service and other organisations.
- One Public Estate funding had been made available for a feasibility study to be undertaken on a joint blue-light headquarters facility.
- It had now been recognised in the Plan that the unique reference number of properties should be included in the transparency information published by the Service.
- A summary of the Service's properties was set out in the Plan, including the age profile of the premises. The Service still owned 7 houses and 6 garages. A number of stations were built in the 1960s and 70s and had flat roofs. There was a plan to replace these.
- Re-roofing of the older stations was included in the planned programme of works from 2017/18 to 2020/21, as were the refurbishment of male and female toilets and showers at Luton Fire Station and car parks and drill yards.
- The total water usage for 2016/17 was 7,235 metres cubed against a target of 7,940. A baseline of 7,325 metres cubed had been set for 2017/18.
- The total electricity usage for 2016/17 was 1,146,000 kilowatts per hour against a benchmark of 1,131,000 kilowatts per hour.
- The total gas usage for 2016/17 was 161,000 metres cubed against a benchmark of 192,000 metres cubed.
- There was no gas supply at Bedford or Stopsley.
- Fluctuations in usage were investigated.
- Options for the monitoring of usage were being considered to determine whether this task should be kept in house or outsourced.

In response to a question, the Head of Finance and Treasurer confirmed that all fluctuations in utility usage were investigated. The water usage in Control was much higher in 2016/17 than during the previous year and this was most likely due to the refurbishment of the Control Room in 2015/16 which meant that the area was not fully staffed during that year.

RESOLVED:

1. That the updated Asset Management Plans for Fleet & Transport, Information & Communications Technology and Land & Buildings be approved.
2. That consideration be given at the next Chair's briefing to the scheduling of Asset Management Plans in future years.
3. That the Group receive the Asset Management Strategy at a future meeting.
4. That the Group be provided with an update on the investigations into the fluctuations of utility usage in stations/premises at a future meeting.

17-18/CS/13 Fire and Rescue Indemnity Company (FRIC)

The Head of Finance and Treasurer submitted his report setting out the Authority's current position regarding the Fire and Rescue Indemnity Company (FRIC).

The Authority had approved the establishment of a protection pool to replace conventional insurance arrangements in February 2014. The arrangements were finalised in the autumn of 2015 and FRIC began operating on 1 November 2015.

The Service was one of 9 Fire and Rescue Services in the pool. During the first year of operation, to 31 October 2016, a surplus of £471,000 had been generated. This was in addition to a £658,000 reserve for late claims. There had been no claims over £100,000 during the year.

Membership of FRIC and its risk management group provided a forum for Services to share best practice and to be encouraged to adopt more risk management measures, hopefully reducing the number of future claims.

CFO Fuller reported that the Service would be giving a presentation on FRIC to the CFA Conference in the autumn.

RESOLVED:
That the report and the positive achievement of the first year's operation be noted.

17-18/CS/14 Corporate Risk Register

GC D Cook presented his report on the Corporate Risk Register.

He reported that changes had been made to the risk ratings of CRR39 (if we have inadequate data management due to poor implementation, inappropriate specification of requirements or poor quality control measures then we are at risk of using the wrong information throughout the organisation and thus potentially affecting the delivery of our services) and CRR38 (If we suffer virus / hacking damage to business critical or vital computer systems then this will significantly affect our ability to deliver risk critical services such as emergency response). The inherent impact and likelihood had been increased as the result of the recent virus attacks on the NHS. Control measures were in place to manage these risks.

A number of risks on the Corporate Services Risk Register had been updated as follows:

CRR05 (If we are unable to provide adequate asset management and tracking facilities then we may cause serious injuries to our staff due to a lack of safety testing. We may also incur unnecessary significant costs and be in breach of health and safety legislation): the development of an asset tracking system was discussed earlier in the meeting. A bid for funding would be made following the completion of a full feasibility study, with a report presented to the Authority later on in the year.

CRR15 (If we do not properly manage the work issues that can potentially be caused by collaboration or shared services including: 1. Redundancy 2. Relocation 3. Cost of work for the convergence of procedures 4. Use of inexperienced staff familiar with FRS operations 5. Increase in staff numbers and associated cost; then there will be a negative cultural impact upon the service and the projects may fail): the Replacement Mobilising System went live for voice mobilisation in November 2016. Code of connection accreditation had recently been received from the Home Office and the mobile data terminals would be coming on stream in the near future.

CRR43 (If the Service suffers a terrorist attack then there is the potential for elements of the Critical National Infrastructure (CNI) to be compromised, our ability to respond to emergency incidents could be significantly affected, we would be unable to fulfil our duties under the Civil Contingencies Act and our reputation could be adversely affected): following the terrorist attack at Manchester Arena, the national threat level had been raised from severe to critical. Communication across the Service and with other blue-light services had been maintained with reminders to staff to remain vigilant and aware.

In response to a question on the risk rating for CRR43, GC D Cook explained that a number of control measures were in place and that, on review, the recent attacks had not increased the inherent or residual risk ratings.

RESOLVED:
That the development of the Service's Corporate Risk Register in relation to Corporate Services be noted and approved.

17-18/CS/15 Work Programme 2017/18

Members received the Work Programme for 2017/18.

RESOLVED:
That the Work Programme be agreed subject to the inclusion of VDI Evolution in the ICT Captial Strategy report on the agenda for the next meeting of the Policy and Challenge Group.

17-18/CS/16 Local Government Act 1972:Exclusion of the Public (Fraud Update)

RESOLVED:
That, pursuant to Sections 100A(2) and 100A(4) of the Local Government Act 1972, the public be excluded from the discussion of the following item on the grounds that the matters to be discussed involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act (as amended):

Item

Fraud Update

The meeting ended at 11.47 am