

**MINUTES OF AUDIT AND STANDARDS COMMITTEE  
MEETING HELD ON 28 SEPTEMBER 2017**

Present: Councillors F Chapman (Chair), J Chatterley (Vice-Chair), M Headley, R Saleem and Storey

Mr J Atkinson, ACO Z Evans, AC D Cook, Mr G Chambers and Mr J Harrison

Ms D Hanson and Ms K Storey, Ernst & Young

Mrs S Rowlett, RSM

17-18/ASC/17 Apologies

Apologies were received from Councillors Duckett, Franks and Waheed.

17-18/ASC/18 Declarations of Disclosable Pecuniary and Other Interests

There were no declarations of interest.

17-18/ASC/19 Communications

**National Pay Negotiations**

The Assistant Chief Officer reported that there had been no further update on negotiations relating to the grey book pay offer. The initial position which was rejected by the FBU membership was an offer of an initial increase of 2% back dated to 1 July 2017 with a further 3% later in the year subject to ongoing discussions around the broadening of the role. Whilst discussions are ongoing the Employers' side has suggested the payment of the 1% already in budgets from 1 July 2017.

As a result of the membership rejecting the pay offer, co-responding activities had ceased with effect from 18 September 2017.

It was hoped to provide a further update to Members at the meeting of the Authority in October.

**Ernst & Young Audit Committee Briefing**

The Committee then considered the Fire and Rescue sector Audit Committee briefing from Ernst & Young.

Members' attention was drawn to the section in the briefing on the Home Office funds for Police and Crime Commissioners (PCCs) to support further police and fire collaboration. Nine PCCs had been awarded £1 million to develop proposals to take on additional responsibility for the governance of fire and rescue in their areas. Three of these PCCs were in the eastern region.

Information had also been provided on cybersecurity following a global ransomware attack, including further support and additional actions to be taken to reduce the risk of ransomware.

The Assistant Chief Officer assured Members that the ICT Shared Service had developed an ongoing programme of work to address this issue, although she also acknowledged that this was a large draw on the resources and capability available within the Shared Service.

Members were referred to the section on women and leadership and the target for 50% of individuals appointed as NHS Board Members to be female by 2020.

## **Emergency Services Sector Update**

The Committee received the Emergency Services Sector briefing from RSM.

The Committee considered a number of questions relating to preparations for the new inspection regime to be carried out by HM Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

The Assistant Chief Officer advised that the Service had been subject to an operational assessment in 2013 and would be the subject of an equality peer review in 2018.

The Service was working closely with colleagues in the Police Service to learn from the recent inspection on efficiency, effectiveness and leadership.

The first round of inspections of fire and rescue authorities was expected to commence in 2018 with 3 tranches of 15 services being inspected over the following 12 month period, with the first full inspection programme concluding in April 2019. Timescales are yet to be confirmed.

In recognition of the level of resource that supporting an inspection would require, management capacity had been created in the organisation.

In response to a comment, the Assistant Chief Officer confirmed that the Inspector responsible for the Service would be the current HMI responsible for inspecting Bedfordshire Police.

The Committee also considered the following questions:

*Have you considered the potential changes from the Queen's Speech and what these may mean for you?*

The Assistant Chief Officer advised that changes arising from the Grenfell inquiry and the counter terrorism review were being considered by the Service.

*Are you prepared for the General Data Protection Regulation changes and are you confident your arrangements will be in place by May 2018?*

The Assistant Chief Officer reported that an assessment would be undertaken of the Service's current position in relation to the changes required. This assessment would lead to the development of an action plan to ensure that the Service was best placed going forward.

The Committee then considered a number of questions relating to the role of fire and rescue services to advise property owners and their residents about fire risks and how these could be reduced.

The Assistant Chief Officer referred to the ongoing budget in place to support the Service's varied protection and prevention activities. This was monitored regularly by the Service Delivery Policy and Challenge Group.

The Committee also noted the section on Collaboration: barriers, risks and assurance. The Service's current collaborative activities were reported to the full Fire and Rescue Authority.

In response to a question, the Assistant Chief Officer advised that, whilst there were currently no league tables ranking fire and rescue services, national statistics were published in relation to particular areas, such as fires per head of population and workforce demographics.

The introduction of a new inspection regime should produce more helpful comparative data; however, the standards to be assessed to determine what a 'good' service looked like had not yet been agreed. It was acknowledged that the risks facing services covering rural areas were different than those services covering largely urban areas and that one size did not fit all.

It was suggested that more comparative data, such as performance information for neighbouring and comparator authorities, should be provided to and considered by the Policy and Challenge Groups at their annual target-setting meeting.

The Head of Finance and Treasurer reported that, in anticipation of the inspection, Value for Money statistics were being examined with a future report to be submitted to the Corporate Services Policy and Challenge Group for review and for information.

**RESOLVED:**

That the communications be received.

17-18/ASC/20 Minutes

**RESOLVED:**

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

17-18/ASC/21 Audit Results Report (Results of 2016/17 audit including any matters outstanding)

Ms D Hanson of Ernst & Young presented the audit results report for the year ending 31 March 2017. She thanked the Service's finance team for their cooperation during the audit.

The Committee was referred to the materiality levels used in the audit. These were £560,380 for the audit of the main authority accounts and £157,740 for the firefighters' pension fund accounts. No unadjusted or adjusted errors had been identified. Lower thresholds had been in place for areas which may be of greater public interest. These were remuneration disclosures, related party transactions and Members' allowances.

Ms K Storey of Ernst & Young advised that the audit plan had largely been completed with outstanding work required on the finalisation of work on employee costs, the testing of the £498,000 debtor with the Home Office for reimbursement of injury benefit pension costs to ensure they were charged to the right account (which was either the Authority's General Fund or the firefighters' pension fund) and journals testing.

Ernst & Young were awaiting the receipt of the signed management representation letter, which would be signed following the Committee's approval of the Statement of Accounts.

It was anticipated that this work would be completed and an audit opinion would be issued later in the day.

Ms Hanson advised that changes had been required on the Expenditure and Funding Analysis note. This was a new requirement for 2016/17.

She reported that there had been a delay to the audit of the Statement of Accounts in relation to the capital accounting entries. This was as a result of difficulties with the consultancy support that had been provided. The Authority would need to ensure that robust arrangements were in place to ensure that the Statement of Accounts was completed ready for audit by the end of May 2018.

There were no issues to report in relation to the Value for Money arrangements.

Ms Hanson advised that, as a result of the additional work that had to be undertaken in relation to the audit of the 2016/17 Statement of Accounts, as a result of them not being compliant with CIPFA regulations and the work required on the injury benefit debtor, it was likely that an increase in the audit fee would be sought through the PSAA.

In response to a question, the Head of Finance and Treasurer reported that he was in early discussions with CIPFA Penna to ensure that a suitable candidate was in place early on in the process to enable the capital accounting to be completed in accordance with the requirements and within the new timescales. Robust checks on candidates' technical ability and previous experience would be undertaken.

In relation to the earlier closure of accounts from the current financial year, the Committee was advised that Ernst & Young had completed a significant programme of work to address this challenge and to identify areas of audits that could be completed prior to the Statement of Accounts being produced.

**RESOLVED:**

1. That the submitted external Audit Results Progress Report for 2016/17 be received.
2. That the work undertaken to improve the prompt production of the Statement of Accounts for 2017/18 be noted.

17-18/ASC/22 2016/17 Statement of Accounts and Letter of Representation

Mr G Chambers, the Head of Finance and Treasurer, presented the current version of the 2016/17 Statement of the Accounts to the Committee for its approval.

The Committee was advised that the £498,000 debtor previously referred to had been allocated to the Collaboration Reserve, along with the £847,000 year-end underspend.

Members noted that the General Reserves balance at 31 March 2017 was £2.6 million and that there were earmarked reserves of £12.249 million, £4.976 million of which was the transformational earmarked reserve to support future budget setting.

The Committee was referred to the Annual Governance Statement. This remained largely unchanged from the version that was submitted to the previous meeting of the Committee.

Mr J Harrison advised that the increase in pension liabilities from £280.705 million in 2016 to £322.628 million in 2017 was based on a number of assumptions by the actuaries including longevity of current and future pensioners, the rate of inflation and the proportion of employees opting to take a commuted lump sum. This figure had decreased as well as increased in the past and was reassessed annually.

In response to a question on the balance sheet as at 31 March 2017, Mr Harrison advised that the increase in vehicles, plants and equipment from £4.98 million in March 2016 to £6.197 million in 2017 was the result of the ongoing replacement of the fire appliances. It was noted that this replacement programme was now drawing to a close.

The adjustments relating to the charges for depreciation and impairment of non-current assets were calculated based upon the varying lives of the individual assets and was primarily a management to account for the reduction in asset value.

The total Collection Fund surplus across the three constituent authorities was £445,000 for council tax, with a £78,000 deficit in business rates collection.

In referring to the contingent liabilities, the Head of Finance and Treasurer reported that the FBU had lodged an appeal with the Employment Appeals Tribunal in relation to the transitional protections associated with the 2015 firefighters' pension scheme. The potential future costs to the Service were unknown at this stage.

One of the items under contingent assets referred to the asset reimbursement hearing relating to fraudulent activity that had not yet taken place.

The final appendix of the report was the letter of representation to be signed by both the Head of Finance and Treasurer and the Chair of the Committee subject to the Committee's approval of the accounts.

#### **RESOLVED:**

1. That the current version of the 2016/17 Statement of Accounts and Annual Governance Statement that have now been externally audited be approved.
2. That the Treasurer be delegated authority to make any final amendments to the 2016/17 Statement of Accounts.
3. That the letter of representation be approved.

#### 17-18/ASC/23 Review of Code of Conduct

The Secretary and Monitoring Officer submitted a report on the review of the Code of Conduct, following a discussion on the Review of the Code of Conduct and the Annual Report on Standards at the Committee's last meeting (Minute 17-18/AS/012 refers). This related particularly to paragraphs 4.14 and 4.15 of the Authority's Code of Conduct regarding enhancing public trust and confidence in the integrity of the Authority and its Members (4.14) and showing respect and courtesy to others (4.15).

The Secretary and Monitoring Officer reported that, in his research, he had come across guidance from the former body Standards for England that clarified that clauses in the Code of Conduct were not intended to restrict political debate or prevent Members from criticising decisions made by the Authority as a whole. This guidance was clear in its intent that robust political debate could still take place in accordance with the Code of Conduct.

The view was expressed that, as Standards for England had been abolished in 2012 and replaced with a new standards regime, significant weight could not be placed on any guidance issued by that body.

Concern was also expressed that the inclusion of paragraphs 4.14 and 4.15 of the Code restricted Members from being able to express individual opinions or views that were in contrast to those agreed by the Authority as a whole and that this could leave such members vulnerable to complaint and that the paragraphs could be interpreted subjectively.

The Chair commented that Members treated one another with respect and courtesy and that the removal of the paragraphs from the Code was not necessary.

In response to a question, the Secretary and Monitoring Officer reported that there had not been a complaint lodged against a Member of the Authority under the Standards regime. He advised that Members needed to be confident in the Code that was adopted by the Authority and that any change to the Code would need to be formally agreed by the Authority.

The Committee agreed to refer the report to the next meeting of the Authority to enable all Members of the Authority to express a view on the matter.

**RESOLVED:**

That the report be referred to the Fire and Rescue Authority for consideration, with Members' attention being drawn particularly to paragraphs 4.14 and 4.15 of the Code and whether they should be removed.

17-18/ASC/24 Internal Audit Progress Report 2017/18

Mrs S Rowlett of RSM introduced a report on the progress made against the internal audit plan for 2017/18.

One final audit report, on Procurement, had been issued. This had been awarded an opinion of substantial assurance.

The remaining work was in progress as planned.

**RESOLVED:**

That the submitted report be received.

17-18/ASC/25 Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis

The Assistant Chief Officer presented a summary statistical analysis of actions arising from internal audit reports over the last three financial years to date and from the Authority's current Annual Governance Statement.

Two extensions had been requested during the reporting period. These related to low priority actions arising from the audit of Governance – Transparency and Decision Making to publish information on the Service's website.

**RESOLVED:**

That the report be received.

17-18/ASC/26 Review of the Fire Authority's Effectiveness

The Assistant Chief Officer introduced her report on proposals for the review of the Fire and Rescue Authority's effectiveness in 2017/18.

It was agreed that a full questionnaire should no longer be provided to Members and that, instead, discussion should take place at the next round of meetings on the following questions:

- Does the Group/Committee consider that they have been effective and discharged their responsibility in regard to the Group's/Committee's terms of reference?
- Considering the Group's/Committee's terms of reference are there any areas that have not been considered and should be addressed?
- Does the Committee/Group consider any training and development would assist them with the areas of work of the Group/Committee?

Consideration would also be given at the Budget Workshop to Members' statutory responsibilities and the terms of reference of the full Authority.

**RESOLVED:**

That the process for reviewing the Authority's effectiveness in 2017/18 remain largely the same as the previous year and that:

- (a) the Policy and Challenge Groups and Committees review their effectiveness by considering the three overarching questions to feed into the Review of Effectiveness (this year Corporate Services on 29 November 2017, Service Delivery on 30 November 2017, Audit and Standards on 6 December 2017 and Human Resources on 11 January 2018 and then programmed yearly thereafter);
- (b) all FRA Members will receive their statutory responsibilities and terms of reference for discussion against the three questions at the budget workshop for 2017/18 on 18 January 2018 and then programmed yearly thereafter); and
- (c) the 2017/18 Review of Effectiveness and Action Plan for 2018/19 will be considered by the Audit and Standards Committee on 28 March 2018, to report to the FRA on 26 April 2018 and for inclusion in the FRA's Annual Governance Statement.

17-18/ASC/27 Corporate Risk Register

Area Commander D Cook presented an update on the review of the Corporate Risk Register. There had been no changes to risk ratings and updates to risks had been considered by the relevant Policy and Challenge Group.

There had been three updates to risk ratings within the remit of the Corporate Services Policy and Challenge Group and Area Commander Cook provided updates as follows:

CRR29 (if we do not communicate well, both internal and external to the Service, then we will suffer from poor staff morale, miss the opportunity to promote ourselves and the excellent work that we do and potentially impact upon our ability to deliver a full range of services) had been updated as work had been ongoing to enhance the Service's website and this would be linked to the Service's use of social media.

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 Service's new mobilising data terminals for use with Resque 4i had gone live in August 2017. All the resilience benefits required by the Home Office had been completed, with the exception of "automatic fail over".

There had been one update arising from the Service Delivery Risk Register. CRR22 (If we have inadequate or incomplete operational pre planning policies, procedures or information available to us then we can potentially risk injury or even death to our firefighters and staff) had been updated to reflect that the three year National Operational Guidance programme had been due to be completed in August 2017. Further workstreams arising from this would be progressed as required.

There had been two changes to individual risks arising from the Human Resources Risk Register:

CRR40 (if there is a retirement of a large number of operational officers over a short period of time then we lose significant operational and managerial experience within the service which could ultimately affect our service delivery and wider corporate functionality in the shorter term) had been updated as a new recruitment campaign had commenced in August 2017. Successful candidates would be eligible for foundation training at the beginning of 2018.

CRR25 (if operational personnel either individually or collectively at any or all levels do not meet the minimum level of competence to safely deal with the full range of incidents which may be encountered, particularly areas of competencies relating to: - Incident Command – Use of Breathing Apparatus – Compartment Fire Behaviour – Water related incidents – High-rise incidents – Work at Height – then there is the potential to cause significant injury or even deaths to our staff): had been updated to reflect that competencies continued to be monitored in relation to safety critical training via PDR Pro. There were also opportunities for experienced firefighters to join the Service as transferees.

**RESOLVED:**

1. That the continuing development of the Service's Corporate Risk Register be acknowledged.
2. That it be acknowledged that the appropriate Policy and Challenge Groups have considered and reviewed controls proposed to reduce the identified risks.

17-18/ASC/28 Review of Work Programme

The Committee considered the proposed work programme for 2017/18.

The Head of Finance and Treasurer advised that the meeting scheduled for June/July 2018 was likely to take place at the end of July. There may also be amendments to the agenda items currently programmed for the meeting.

**RESOLVED:**

That the Committee's Work Programme for 2017/18 be received.

The meeting ended at 11.23 am