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# CLEVELAND FIRE AUTHORITY

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## MINUTES OF AUDIT & GOVERNANCE COMMITTEE MEETING FRIDAY 26 JUNE 2009

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### PRESENT

#### CHAIRMAN:-

Councillor B Briggs – Redcar and Cleveland Council

#### MIDDLESBROUGH COUNCIL

Councillor Thompson

#### STOCKTON-ON-TEES BOROUGH COUNCIL: -

Councillor Stoker

#### REDCAR & CLEVELAND BOROUGH COUNCIL:-

Councillor Ovens – (representing Liberal Democrats)

#### BRIGADE OFFICERS: -

Director of Corporate Services, Director of Community Protection, Head of Finance, Head of Planning & Democratic Services, Policy & Performance Officer

#### AUTHORITY OFFICERS:-

Treasurer

### APOLOGIES FOR ABSENCE:

Councillors McTigue, Salt, Cook

### AG1 APPOINTMENT OF A CHAIR

The Director of Corporate Services (DCS) sought nominations for the position of Chairman of the Audit & Governance Committee for the ensuing year. Councillor Brian Briggs was subsequently proposed and seconded whereupon nominations were closed.

**RESOLVED – that Councillor Brian Briggs be appointed as Chairman of the Audit & Governance Committee for the ensuing year.**

### AG2 APPOINTMENT OF A VICE CHAIR

The Chairman sought nominations for the position of Vice Chairman of the Audit & Governance Committee for the ensuing year. Councillor Mick Stoker was subsequently proposed and seconded whereupon nominations were closed.

**RESOLVED – that Councillor Mick Stoker be appointed as Vice Chairman of the Audit & Governance Committee for the ensuing year.**

### AG3 DECLARATION OF MEMBERS INTERESTS

Councillor Thompson declared a non pecuniary interest in Teesside Pension Fund.

### AG4 MINUTES

**RESOLVED – that the minutes of the meeting held on 15 May 2009 be confirmed.**

**AG5 MATTERS ARISING**

The DCS updated Members on the "Cleveland Rises to the Challenge" document which was presented by the Chief Fire Officer at the Audit & Governance meeting in May and since to both Policy and CFA committees. It was noted that good progress was being made towards developing a strategy to identify any further efficiency savings that could be made across the organisation.

**AG6 REPORTS OF THE CHIEF FIRE OFFICER**

**AG6.1 Forward Work Programme**

The DCS appraised Members of the remit of the Committee which included the performance, risk and governance framework of the Authority. Members discussed at length the Forward Work Programme (FWP) for the ensuing year which included financial, audit and performance reports and timescales. It was agreed that the efficiencies outlined within the "Cleveland Rises to the Challenge" report would be monitored through the Overview and Scrutiny Committee. The DCS informed Members that the Audit & Governance Handbook outlining the CIPFA guidance on Audit and Governance Committees would be updated and circulated to Members.

**RECOMMENDATION:- that the Forward Work Programme be presented to the next CFA meeting for approval.**

**AG6.2 LAA Performance Report 2008/09 & Annual Performance Report 2008/09**

A detailed presentation outlining the Brigade's performance against other members of our family group and the National Fire Indicators. Councillor Ovens asked if the Brigade had any power with regard to properties left empty for a considerable amount of time. The Director of Community Protection (DCP) noted that arson meetings have recently been held across the four Local Authorities to consider this issue. He reported the success of Greater Manchester Fire & Rescue Service which is currently levying a charge against derelict property which allows the brigade to auction it and recoup some of the cost. He added that across the Cleveland area, Regulatory Reform Fire Safety Orders have been applied to some empty properties where there is a risk to people's safety and Enforcement Notices issued to reduce concerns. Councillor Thompson referred to properties left unfinished and unsecured by developers and awaiting demolition and asked if the Brigade works with developers and regeneration groups to tackle this problem. The DCP said this had happened in Hartlepool when an Enforcement Notice was applied and resulted in making the properties safe. The Chairman asked what route the Brigade could take if it feels Local Authorities are not doing what they should. The DCP said the Safer Partnerships forum was the principal route.

Councillor Ovens asked if the predicted hot weather was expected to have an impact on the Brigade's resources. The DCP said a range of activities had been implemented to get the safety message across and despite last year's poor weather, figures for June 2009 are better than for June 2008, indicating that these strategies have been working. The DCP said the Brigade was proud of the accidental dwelling fires figures showing a 36 per cent reduction since 2005/06 and the highest per cent reduction of any brigade in the country and noted a very clear correlation between Brigades carrying out HFSV and a reduction in their accidental fire statistics. The DCP said that to-date Home Fire Safety Visits had been carried out in 134,000 homes and the Brigade had removed the 25,000 annual target and was instead focusing on its 'most vulnerable' residents.

**AG6.2 LAA Performance Report 2008/09 & Annual Performance Report 2008/09 cont'd**

The Chairman asked whether the Brigade had a positive relationship with local council housing associations and other social housing providers. The DCP said joint inspections are carried out but more work could be done to obtain meaningful information on vulnerable tenants. Councillor Thompson suggested the Brigade give presentations to the Board of each of the housing providers in the hope that this safety information can be cascaded throughout each company. The DCP explained that the Brigade was working with Northumbrian Water regarding domestic sprinklers and that areas were being identified to pilot the scheme and if deemed successful funding will be sourced for the scheme. The Chairman said consultation with the Brigade to ensure home safety for new builds should be mandatory at planning application stage. Councillor Stoker suggested the Brigade should aim to 'design out fire' and suggested this issue be passed to the Safer Partnerships Committee.

It was reported that Corporate Sickness was up 68 per cent from last year, bringing the total cost for staff sickness to £471,381.40. The DCS said it was high on the Brigade's agenda to introduce measures to bring this figure down. It was noted that the private sector takes a very different approach to sickness and the DCS said the Brigade had the dilemma of being a caring Brigade and having high levels of sickness. The DCS said a stringent set of measures had been put in place including trigger levels and back-to-work interviews. Councillor Stoker noted the impact long-term sickness has on sickness figures and asked whether ideas suggested by the Fire Improvement Group in relation to Merseyside reducing its sickness figures had been implemented. The DCS confirmed these ideas were currently being progressed. Councillor Stoker asked if equality and diversity is considered when producing reports in relation to colour and size of font. The DCS confirmed all documents produced by the Brigade are equality impact assessed and the Head of Planning and Democratic Services is aware of any special requirements of Members of the Authority.

**RECOMMENDATIONS:-**

- (i) **That progress to date be noted.**
- (ii) **That no issues were raised to report to the CFA.**

**AG6.3 Comprehensive Area Assessment**

The DCS gave an overview of where the Brigade is in relation to the Comprehensive Area Assessment which included Use of Resource, Managing Performance and Operational Assessment. She reported that any emerging issues from the Area Assessment will be identified and dealt with by an internal group led by the DCS. The DCS informed members that the audit of CFA would be transferred to Gavin Barker from Lynne Snowball and the Final CAA Score is expected in November 2009.

**RECOMMENDATION:- That the verbal report be noted.**

**AG6.4 Revenue & Capital Budget Outturn Report 2008/09**

The Head of Finance reported a favourable outturn of £1,622,000 for the financial year ending 31 March 2009 and reported that there was an employee cost underspend of £1,388,000 due to the higher than expected turnover of staff which had enabled elements of the revised organisational structure to be implemented earlier than anticipated. Premises budgets were overspent by £425,000; energy costs increased above anticipated inflation levels resulting in an overspend of £167,000 and building maintenance was overspent by £200,000. Councillor Stoker questioned was there an underlying cause why the Brigade had 40 retirements and Councillor Ovens questioned whether this influx had resulted in a loss of expertise and an impact on leadership across the Brigade. The Head of Finance reported that the retirements were as a result of a recruitment drive 30 years ago which meant their retirements were all at the same time. The DCP said a rigorous training package was in place and new starters would be distributed across stations. The DCS confirmed that a succession plan was in place to ensure the impact of experienced staff leaving is kept minimal.

**RECOMMENDATION:- That the outturn position as at 31<sup>st</sup> March 2009 be noted.**

**AG6.5 Progress Against Revenue & Capital Budgets 2009/10**

The Head of Finance reported a favourable variance of £126,000 for the first two months of the year due to vacant posts and four early retirements reducing expected employee costs, as shown in detail at Appendix 1. He noted it was too early to draw any firm conclusions from the information available as expenditure plans were in the early stages of implementation for 2009/10 and spend patterns had not yet begun to emerge in non-pay areas. The Chairman referred to the Monitoring Statement at Appendix 2, showing physical and financial information on each Capital Scheme, and requested an update on the hydraulic platforms. The Head of Finance said these appliances were acquired via Firebuy taking 24 months to build and sufficient funds had been earmarked to support this scheme, which was expected to be completed on schedule.

**RECOMMENDATION:- That the position up to 31<sup>st</sup> May 2009 be noted.**

**AG7 REPORTS OF THE TREASURER TO THE AUTHORITY**

**AG7.1 Audit Commission Report – Fraud Letter**

The Treasurer reported that in order to comply with International Standards on Auditing, the Chairman of the Audit & Governance Committee was to confirm that an understanding has been obtained of how those charged with governance exercise oversight of the management's processes for identifying and reporting risks of fraud and possible breaches of internal control in the Authority. Referring to the draft Fraud Letter, at Appendix 1, the Treasurer reported that this would need to be completed by letter or email and would satisfy a second International Standard on Auditing (ISA (UK&I) 250) which requires that auditors understand how those charges with governance gain assurance that all relevant laws and regulations have been complied with. The Treasurer agreed to draft the letter for the Chairman to sign.

**RECOMMENDATION:- That the Chair of the Audit & Governance Committee completes the Audit Commission Fraud Letter, to comply with International Standards on Auditing.**

**AG7.2 Internal Audit Programme 2009/10**

**The report was withdrawn.**

**AG7.3 2008/09 Outturn Position and 2008-2009 Statement of Accounts**

The Treasurer reported that the Statement of Accounts presents the Authority's financial position for 2008/09 and also reflects the Outturn Strategy which was previously approved as part of the Medium Term Financial Strategy 2008/09 to 2011/12. He reported that the actual revenue outturn is more favourable than forecast at the end of the third quarter and there is an underspend of £1.622m due to lower salary costs as a result of high turnover and increased investment income on the Authority's cash flows, as reported in detail in the Management Accounts at Appendix 1 and AG6.2. Part of this underspend was offset with rising energy costs and the cost of essential maintenance work allowing the £1m resource previously allocated for this purpose to be reallocated to meet the one-off costs of the PFI Scheme and other revenue pressures that may arise over the next three years. As previously determined by the Authority, £1.198m of General Fund Balances has been earmarked to support the revenue budget between 2009-10 and 2013-14 and £1.320m has been earmarked for one-off projects including Redcar Fire Stations and other Fire Stations outside PFI, Uniforms and Protective Clothing and an Incident Command Support Vehicle. The Treasurer referred to a debt of £15,445.36 by Hall Construction Services Ltd, as detailed at Appendix 2, which legal advisers believe should no longer be pursued as courts are unlikely to find in the Authority's favour. Members recommended this should be written off.

**RECOMMENDATIONS:**

- (i) That the report be noted.
- (ii) That the proposal to earmark General Fund Balances for the aforementioned risks, subject to detailed reports being submitted to CFA prior to resources being committed, be approved.
- (iii) That the debt by Hall Construction Services Ltd be written off and the balance sheet be amended at note 9.
- (iv) That the 2008/09 Outturn Position and Statement of Accounts be approved.

**COUNCILLOR BRIAN BRIGGS  
CHAIRMAN**