

CLEVELAND FIRE AUTHORITY

MINUTES OF AUDIT & GOVERNANCE COMMITTEE MEETING



26 FEBRUARY 2021

PRESENT: **VICE CHAIR:-** Councillor Naweed Hussain - Middlesbrough Council

HARTLEPOOL BOROUGH COUNCIL

Councillor Stephen Thomas

MIDDLESBROUGH COUNCIL

Councillors Teresa Higgins (sub), Ashley Waters

REDCAR & CLEVELAND BOROUGH COUNCIL

Councillor Billy Ayre, Adam Brook, Cliff Foggo

STOCKTON ON TEES BOROUGH COUNCIL

Councillor Lynn Hall

INDEPENDENT PERSONS

Mr Steve Harwood

Mr Paul McGrath

AUTHORISED OFFICERS

Chief Fire Officer, Treasurer, Legal Adviser & Monitoring Officer,

Assistant Chief Fire Officer – Community Protection

MAZARS

Mr Gavin Barker – Audit Engagement Lead

Mr Ross Woodley - Audit Manager

IN ATTENDANCE

Head of Risk and Performance

APOLOGIES Councillor William Woodhead - Stockton on Tees Borough Council
FOR ABSENCE: Assistant Chief Fire Officer – Strategic Planning and Resources

In accordance with Standing Order No. 35, Councillor Higgins substituted for Councillor Bill Woodhead.

178. APPOINTMENT OF CHAIR

The Legal Adviser and Monitoring Officer (LAMO) sought nominations for the position of Chair and informed Members that in accordance with the committee's Terms of Reference this should be a Member outside of the majority group (non-Labour).

As no nominations were received, it was agreed that this item be deferred until the Annual Meeting on 4 June 2021 and that the default position of Vice Chair be resumed for the purpose of this meeting.

RESOLVED – That the Appointment of Chair to the Audit & Governance Committee be deferred until the Annual Meeting on 4 June 2021.

179. DECLARATION OF MEMBERS INTERESTS

It was noted no Declarations of Interest were submitted to the meeting.

180. MINUTES

RESOLVED – that the Minutes of the Audit & Governance Committee held on 27 November 2020 be confirmed.

181. REPORTS OF MAZARS

181.1 Annual Audit Letter

Members received details of the Annual Audit Letter Year Ending March 2020 which covered:

- Executive Summary
- Audit of the Financial Statements
- Value for Money Conclusion
- Other Reporting Responsibilities
- Fees

The Audit Engagement Lead (EAL) reported that the Annual Audit Letter concludes the 2019/20 Audit and summarises the findings of that audit. He reported that due to the pandemic an extension to the time line was given which moved the deadline to 30 November 2020. However, due to delays receiving pension fund auditor assurance, as previously reported to Members, Mazars were unable to make the deadline and issued an unqualified audit opinion on 7 December 2020.

The AEL confirmed that the forward look is difficult at the moment due to the pandemic and also highlighted the issues of working with a one year settlement fee. He reported that the Authority continues to manage the difficult position of not having future certainty in a prudent and sensible way.

Councillor Hall thanked Mazars for the clear report and asked what other classifications are issued other than a Qualified Value for Money conclusion. The AEL noted that this would be the last year of using this classification of Audit outcomes but currently they are either: Qualified; Except for; or Adverse.

RESOLVED – that the Annual Audit Letter for the year ending 31 March 2020 be approved.

181.2 Audit Progress Report – February 2021

The Audit Director (AD) updated Members on the progress of the 2020/21 Audit and outlined National Publications from:

- National Audit Office
- CIPFA
- Home Office
- Ministry of Housing, Communities and Local Government
- Public Sector Audit Appointments Ltd
- Financial Reporting Council

RESOLVED – that the Audit Progress Report – February 2021 be noted.

181.3 Audit Strategy Memorandum

The AD presented the Audit Strategy Memorandum and outlined the Audit Plan for 2021/22 which included:

- Engagement and Responsibilities Summary
- Audit Scope, Approach and Timeline
- Significant Risks and Key Judgement Areas
- Value for Money
- Fees for Audit & other services
- Commitment to Independence
- Materiality and Misstatements

The AD highlighted the Audit deadline date of 30 September 2021 and noted that fieldwork on the accounts would be completed during June – September 2021. Fees for 2021/22 would be lower than for 2019/20 as they include the recurring element of the extra fees but not the one-off elements relating to the pandemic.

He reported that the significant risks were unchanged from the previous year and were expected to remain as significant risks indefinitely. These were: management override of controls; net defined benefit liability evaluation and valuation of property, plant and equipment.

The AD highlighted changes to the value for money framework and how the National Audit Office expected Auditors to approach this. They will move away from a binary conclusion and instead report any significant weakness at the point of finding them throughout the year.

Councillor Foggo asked if Mazars was expecting similar delays from the Pension Fund Auditors as for 2020/21. The AD reported that while they are in regular contact with the Pension Fund Auditor they have no control on when they will deliver their assurance. He suggested that Members and Officers work with Middlesbrough Council to gain assurance that the work is progressed in a prompt and timely fashion to meet the 30 September 2021 deadline. The Treasurer confirmed that he is in close contact with Middlesbrough Council's Chief Finance Officer who is aware of the issues and has taken up his concerns with their auditors in relation to last year's delay.

The Vice Chair suggested that Middlesbrough Members also contact the Chief Finance Officer to avoid similar delays this year.

RESOLVED:-

- (i) that the Audit Strategy Memorandum at Appendix 1 be noted.**
- (ii) that Middlesbrough Members contact their Chief Finance Officer to ensure the Pension Fund Audit assurance is received by the 30 September 2021 deadline.**

(11:15) The AEL left the meeting.

182. REPORTS OF THE CHIEF FIRE OFFICER

182.1 Organisational Performance & Efficiency Report April 2020 – December 2020

The Head of Risk and Performance (HoRP) outlined the performance of the Brigade for the period 1 April 2020 to 30 December 2020 which had been aligned to the Brigade's three Strategic Priorities.

182.1 Organisational Performance & Efficiency Report April – December 2020 cont.

Members received a presentation using the most up-to-date information to 31 January 2021. The report summaries, which take into account the Covid-19 pandemic, are detailed below:

- Total incidents stand at 6380 - a decrease of 947 incidents (-13%) compared to the same period last year.
- The largest decrease is in Secondary Fires which have dropped by 21% to 2386 (-621) compared to 2019/20 followed by a decrease in Special Services by 15% to 984 (-171) and 5% reductions in both False Alarms at 2344 (-124) and Primary Fires at 623 (-132)
- There have been 11,944 HFSVs completed in the first 3 quarters - a reduction of 3,005 (-20%) compared to 2019/20. Included within these were 2,151 Safe and Well Visits (down 11% with 270 fewer than last year). 3% of Safe and Well Visits led to referrals compared to 6% last year.
- 666 inspections of Industrial and Commercial Premises were carried out - a reduction of 601 (-47%) on the same period last year.
- Additional Covid Support Activities include 41 PPE Collections and distributions for partners, 732 deliveries of essential items to vulnerable persons (prescriptions, food parcels and pulse oximeters), 70 training sessions for care homes and 401 hours of staff volunteering to support the vaccination programme.
- Accidental Dwelling Fires had increased by 13 incidents to 129 – a 10% increase from 2019/20 with increases in Middlesbrough of 10% to 45 incidents (+4), Hartlepool of 35% to 23 (+6) and Stockton of 9% to 38 (+3) and a decrease in Redcar and Cleveland of 10% to 23 incidents (-1). The main causes being cooking (34 incidents – 26%), radiated heat (24 incidents - 19%) and electrical (24 incidents – 19%).
- Deliberate Fires have decreased by 34% (-641 incidents) to 2531 compared to the same period in 2019/20. Included within these, 326 (13%) were deliberate primary fires (-9% on last year) and 2205 (87%) were deliberate secondary fires (-21% on last year). Main causes were vehicles (173 / 53% of all deliberate primary fires) and refuse (1,725 / 78% of all deliberate secondary fires).
- Response Standards:
 - Call answering: Target set at 7 seconds, Actual 5.8 seconds
 - Call Handing: Target 100 seconds - Actual 96 Seconds
 - Building Fires 1st Appliance Target 7 Minutes, Actual 4.47 Minutes
 - Building Fires 2nd Appliance Target 10 Minutes, Actual 6.34 Minutes
 - RTC Target 8 Minutes, Actual 5.34 Minutes
- Cleveland Fire Brigade (CFB) National Response Times Comparison 2019/20

All Primary Fires (ranked 4 th)	CFB - 6m 57s	National Average 8m 43s
Dwelling Fires (ranked 2 nd)	CFB - 6m 09s	National Average 7m 45s
Other Buildings (ranked 4 th)	CFB - 6m 55s	National Average 9m 45s
Road Vehicles (ranked 3 rd)	CFB - 7m 13s	National Average 9m 40s
Other Outdoors (ranked 8 th)	CFB - 9m 45s	National Average 11m 06s
Secondary Fires (ranked 2 nd)	CFB – 7m 59s	National Average 9m 18s
- Sickness Absence is 6.56 shifts per person – a reduction of 13% (0.95 shifts per person) compared to the same period in 2019/20. 3,322 duty days lost to sickness in 259 occurrences by 190 individuals including 402 duty shifts lost to Covid related absence. Average length of sickness was 13 shifts per occurrence.

182.1 Organisational Performance & Efficiency Report April – December 2020 cont.

- There was a decrease in sickness levels across all staff groups with the exception of Whole-time which increased by 7.6 shifts (1%): Fire Control reduced by 3.5 shifts (-36%); Retained by 3.9 shifts (-36%) and Green Book by 5.9 shifts (-27%).
Main causes of sickness absence are Mental Health – 596 shifts (18%); Upper Limb - 425 shifts (13%) and Covid Related – 402 shifts (12%).
- Violence to Staff Incidents – 39 incidents – same as 2019/20.

Councillor Hall commended the Brigade for its response times and for providing a national comparison which gave reassurance for the community. She asked whether there had been any access issues from double parking on residential roads and limited recycling facilities throughout the pandemic had impacted the rise of deliberate fires.

The CFO noted that a reduction in traffic on the roads has led to a reduction in RTCs and allows appliances to get to incidents faster. He added that the closure of recycling centres has contributed to an increase in fly-tipping. The lockdown also has kept people away from rural areas such as Eston Hills which has seen a reduction of incidents in East Cleveland.

Councillor Hall noted that welfare referrals had halved during the pandemic. The CFO confirmed that the Brigade continued to work very closely with partner agencies to target the most vulnerable members of the community who may have had their situation exacerbated by the current situation.

Steve Harwood stated that the home safety and welfare visits carried out by the Brigade was higher than he would have anticipated during the pandemic and commended the Brigade for carrying out the initiatives. The CFO confirmed that the Brigade had fulfilled all of its strategic intentions throughout the pandemic which was testimony to the leadership of operations and commitment of staff.

Paul McGrath noted that Cleveland Police had reported a reduction in crime due to lockdown and asked if that was linked to the reduction in deliberate fires. The CFO concurred with the Chief Constable's view that the less people out and about correlates to a reduction in crime, including arson.

Councillor Ayre expressed concern over the increase in domestic violence and abuse across the UK. The CFO confirmed that the Brigade works to actively support the victims of domestic abuse and all Brigade buildings are registered on the Safe Places Scheme.

RESOLVED – That the report be noted

182.2 Internal Audit Progress Report

The CFO presented the audits undertaken to date and highlighted the outcomes relating to limited / satisfactory assurance. He also gave a position statement regarding the actions set out in the audit action plans.

RESOLVED:-

- that the audit position of the completed 2019/20 Audits be noted.**
- that the progress made to date in the Internal Audit Plan 2020/21 be noted.**

182.3 Progress Against Revenue and Capital Budgets 2020/21

The Treasurer provided Members with details of the progress against the approved 2020/21 Budgets as at 31 January 2021 and forecast outturn at 31 March 2021. He reported that with a further single year settlement for 2021/22; no further clarity on other financial issues relating to reviews, pay, pensions and the on-going recovery from the pandemic the medium term financial situation remains uncertain. As such the Authority approved the managed forecasted underspend of £500k for 2020/21 to be earmarked to support the Budget Support Fund for use in 2021/22 onwards.

He reported that the overall position on the revenue budgets at the end of January 2021 is a forecasted underspend of £0.720m. This is a result of a number of key factors mainly relating to staffing as detailed at Section 3 of the report. With £0.50m being approved to support the Authority's Budget Support Fund this leaves a forecast uncommitted underspend of £0.22m which is proposed to create a reserve to support the actions required to deliver the Grenfell Action Plan in 2021/22.

The Treasurer reported that the capital budget for 2020/21 is £2.490m and the actual spend to January was £1.639m with a further £0.149m forecast by the end of the financial year. The forecast outturn position on the capital programme is therefore an underspend of £0.702m which is due to slippage in schemes as a result of COVID. These in the main relate to the procurement of fire appliances and a new Human Resource Management System. Funding relating to these schemes is being carried forward into 2021/22.

RECOMMENDED:-

- (i) that Members noted the financial positions in relation to revenue and capital budgets 2020/21 as at 31 January 2021.**
- (ii) that Members noted the proposal to allocate the forecast uncommitted underspend of £0.22m to support the actions required to deliver the Grenfell Action Plan in 2021/22 which will be reported to the full Authority.**

(1235) Councillor Ashley Waters left the meeting

183. REPORTS OF THE TREASURER

183.1 Treasury Management Strategy 2021/22

Members scrutinised the Treasury Management strategy 2021/22 which covered:

- Economic Background and Outlook for Interest Rates
- Interest Rate Forecasts up to March 2024
- Treasury Management Outturn Position 2019/20 and 2020/21 Mid Year Review
- Treasury Management Strategy 2021/22
- Borrowing Strategy 2021/22
- Investment Strategy 2021/22
- Minimum Revenue Provision and Interest Costs / Regulatory Information 2021/22
- Borrowing and Prudential Indicators

The Treasurer reported that the Strategy would be referred to the Fire Authority for approval at its meeting on 26 March 2021.

183.1 Treasury Management Strategy 2021/22 cont.

RESOLVED - that the following recommendations be referred to the Full Authority for approval at its meeting on 26 March 2021:

- (i) That the 2019/20 Treasury Management outturn detailed in Section 5 and Appendix A be noted.
- (ii) That the 2020/21 Treasury Management mid-year position detailed in section 6 be noted.
- (iii) That the prudential indicators outlined in Appendix B be approved.
- (iv) Borrowing Strategy 2021/22
That in the event of a change in economic circumstances Members note that the Treasurer may take out additional borrowing in advance of need if this secures the lowest long term interest cost.
- (v) Investment Strategy 2021/22
That the Counterparty limits as set out in paragraph 9.8 be approved.
- (i) Minimum Revenue Provision (MRP) Statement
That the following MRP statement be approved:
 - For capital expenditure incurred before 1st April, 2008 the Authority's MRP policy is to calculate MRP in accordance with former CLG Regulations. This is 4% of the Capital Financing Requirement except where the Authority makes Voluntary Revenue Payments which is in excess of the amount required by these regulations, based on asset life;
 - From 1st April, 2008 the Authority calculates MRP based on asset life for all assets or where prudential borrowing is financed by a specific annuity loan, MRP will be calculated according to the actual annuity loan repayments.

183.2 Internal Audit Plan Report 2021/22

The Treasurer presented the Internal Audit Plan indicating the proposed coverage for 2021/22.

RECOMMENDED - that the report be noted.

184. REPORT OF THE LEGAL ADVISER AND MONITORING OFFICER

184.1 Standards Report

Members received an update on the LGA Model Member Code of Conduct (Appendix 1) which was published in December 2020 and had previously been considered by the committee in February 2019.

The LAMO noted that the Model Code has no statutory force and it was at the discretion of each Authority whether they wanted to use it. He reported that a survey of monitoring officers showed that 20% of authorities are considering adopting the LGA Code of Conduct, 20% are considering including parts and 55% were not considering adopting it with 5% undecided.

The LAMO confirmed that while the Authority's current Code of Conduct was fully compliant within the Localism Act, Members might wish to consider partially adopting the features of 'bullying, harassment and disrepute' to give a wider context to these areas.

184.1 Standards Report cont.

Councillor Foggo stated that having sat on numerous standards panels at Redcar & Cleveland Council any additional guidance that would assist in determining whether the code of conduct has been breached would be very welcome. Councillor Lynn Hall supported this, in particular the additional definitions regarding bullying.

Members agreed that this should be included in the Code of Conduct.

RECOMMENDED:-

- (i) That the draft LGA Member Code of Conduct be noted.**
- (ii) That the Audit & Governance Committee recommends the Authority approves the inclusion of the additional elements of bullying, harassment and discrimination and disrepute into its own Code of Conduct.**

COUNCILLOR NAWEED HUSSAIN
VICE CHAIR