

CLEVELAND FIRE AUTHORITY

MINUTES OF AUDIT & GOVERNANCE COMMITTEE MEETING

21 FEBRUARY 2025

PRESENT:

CHAIR:- Councillor Mary Ovens - Redcar & Cleveland Borough Council
MIDDLESBROUGH
 Councillor John Kabuye
REDCAR & CLEVELAND BOROUGH COUNCIL
 Councillor Steve Kay
STOCKTON BOROUGH COUNCIL
 Councillors Jim Beall
INDEPENDENT PERSONS
 Mr Steve Harwood
 Mr Paul McGrath
AUTHORISED OFFICERS
 Chief Fire Officer, Treasurer
 Assistant Chief Fire Officer - Strategic Planning & Resources
 Assistant Chief Fire Officer - Community Protection
BRIGADE OFFICERS
 Head of Risk & Performance Officer
 Head of Finance & Procurement
AUDITORS – FORVIS MAZARS
 Mr James Collins – Audit Director and Engagement Lead
 Mr Jack Brown - Audit Engagement Manager

APOLOGIES FOR ABSENCE:

Legal Adviser & Monitoring Officer
 Cllr Gary Allen - Hartlepool Borough Council
 Cllr Naweed Hussain – Middlesbrough Council
 Cllrs Stephan Houghton, Andrew Sherris – Stockton on Tees BC

94. DECLARATION OF MEMBERS INTERESTS

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

95. MINUTES

RESOLVED – that the Minutes of the Audit & Governance Committee held on 22 November 2024 be confirmed.

96. REPORT OF FORVIS MAZARS LLP

96.1 Audit Completion Report 2023/24

The Audit Director & Engagement Lead (ADEL) apologised for not providing written reports to the meeting and provided a verbal update to the committee. He confirmed that the Audit Completion Report had been considered by the full Authority on 14 February 2025 with one outstanding matter relating to the firefighters pension scheme. Following the meeting he had received a response from Pension Fund Auditors who highlighted a non-material difference of £270k which was reported as an unadjusted uncertainty and did not affect the Authority's accounts.

RESOLVED – That the verbal update be noted.

96.2 Auditors Annual Report – Verbal Update

The ADEL reported that the Value For Money commentary was now available and would be circulated to Members.

RESOLVED – That the verbal update be noted.

97. REPORTS OF THE CHIEF FIRE OFFICER

97.1 Organisational Performance & Efficiency Report - April to December 2024 (Q3)

The Risk & Performance Officer (R&PO) gave a presentation outlining the performance of the Brigade for the period 1 April to 31 December 2024 which had been aligned to the Brigade's strategic goals, aims and associated outcomes. The following key areas of performance were highlighted:

Actual Demand

Fire Control Calls – 10,293

Mobilisations – 10,835

Incidents attended – 7,553

Safer Homes Visits – 16,653

Industrial and Commercial Audits – 772 (including attempted)

All Incidents – From April 2024 to September 2024 the Brigade have attended 7,553 incidents. Compared to 2023/24 this is an increase of +560 (+8%) and +441 (+6%) compared to the 5 year average. CFB had the second highest rate nationally in 2023/24 and the highest rate in 2022/23. All incidents have increased mainly due to the large increase in secondary fires.

Primary Fires – 676 incidents in Q3 which is an increase of +46 (+7%) compared to the previous year. We have also seen an increase compared to the 5 year average of +30 (+5%). Compared to the set target of 686 we have seen a reduction of -10 (-1%). Primary fires predominantly relate to vehicle fires at 44% (300 incidents) followed by dwelling fires at 28% (188 incidents). Holme House Prison have had 26 fires in Q3 which has put demand on our resources.

Secondary Fires – 3,145 incidents in Q3, +575 compared to 2023/24 and +200 compared to the 5 year average. We have seen an increase on the set target of +161 (+5%). CFB remained the highest nationally in 2023/24. 77% of secondary fires were refuse and 18% (578) grassland fires. There is a greater service demand in Redcar and Cleveland with 30% of incidents followed by Middlesbrough with 29% of incidents.

Accidental Dwelling Fires – 131 incidents in Q3 equating to 23 incidents per 100,000 population. This is a reduction of -11 (-8%) compared to the previous year and a reduction of -5 (-4%) compared to the 5 year average. However, we have seen a slight increase of +2 (+2%) compared to the Brigades target of 129. CFB sat in the lowest quartile nationally during 2023/24.

Safer Homes Visits – In Q3 16,653 visits have been completed and 26,705 interventions. This is an increase of +2,368 (+17%) compared to the previous year. Compared to the 5 year average we have also seen an increase of +3,453 (+26%). Against the Brigades target we have seen a reduction of -898 (-5%). CFB has the 3rd highest rate of SHV nationally. 90% of the SHV were completed by operational crews (14,979) and 77% of visits from the Brigades risk based targeting.

97.1 Organisational Performance & Efficiency Report - April to December 2024 (Q3) cont.

Deliberate Fires – 3,239 incidents in Q3. We have seen an increase compared to the previous year (+569), the 5 year average (+172) and against target (+339). CFB had the highest rate of deliberate fires in 2023/24. Deliberate fires have increased in both primary and secondary fires year on year increasing by 15% and 22% respectively. +178 (+9%) compared to 2023/24. Compared to the 5 year average we have seen a reduction of -173 (-7%) and a reduction of -9 (-0.41%) compared to target. We remain the highest nationally during 2023/24 for deliberate fires.

Deliberate Primary Fires – 278 incidents in Q3 (48 per 100,000 population). Compared to 2023/24 we have seen an increase of +17 (+7%) compared to 2023/24, +29 (+12%) compared to the 5 year average and +12 (+5%) compared to target. Cleveland were the 2nd highest nationally in 2023/24.

Industrial & Commercial Audits – 772 incidents in Q3, -57 compared to the RBIP target and -27 compared to RBIP in 2023/24. From the RBIP 553 were completed/attempted and 219 reactive/other. CFB have the 6th highest rate of fire safety audits nationally. 81% of audits were deemed unsatisfactory in Q3 2024/25.

All Staff Sickness – In Q3 8.43 duty shifts per person were lost due to sickness. Compared to 2023/24 we have seen a reduction of -2.22 (-21%). +0.10 (+1%) compared to the 5 year average and +0.83 (+11%) compared to the Brigades target. Main causes of sickness relate to mental health at 32% (1,460 duty days), Musculo skeletal at 28% (1,277 duty days) and heart / cardiac at 10% (454 duty days). 58% of sickness is long term sickness. All sickness has reduced year on year excluding Fire Control.

Sickness: By Staff Group

WT – 9.03 duty shifts/person (2,965 duty days) lost in Q3. 54% being long term sickness. Compared to the previous year we have seen a reduction of -2.16 (-19%) and in increase of +0.30 (+3%) compared to the 5 year average and +2.01 (+29%) compared to target (7.02 shifts).

On Call – 3.49 shifts lost in Q3 compared to 2023/24 this is a decrease of -6.11 (64%) shifts, -2.44 compared to the 5 year average and -6.60 (-65%) compared to target (10.09 shifts). 62% of sickness is due to long term sickness.

Fire Control – 11.58 shifts lost in Q3, +3.76 (+48%) compared to the previous year, +1.96 (+20%) compared to the 5 year average and +4.24 (+58%) compared to target (7.34 shifts). 76% of sickness is due to long term sickness.

Green Book – 10.26 shifts lost in Q3, -0.34 (-3%) compared to 2023/24, +1.16 (+13%) compared to the 5 year average and +3.95 (+63%) compared to target (6.31 shifts). 62% of sickness is due to long term sickness.

Councillor Beall commended the number of Safe and Well visits achieved and welcomed the wider remit covered and referrals generated from these contacts. He asked whether electrical safety advice was also given.

97.1 Organisational Performance & Efficiency Report – April to December 2024 (Q3) cont.

The ACFO-Community Protection confirmed that electrical safety advice is covered and in the past block sockets were removed from homes and replaced with safer trailing sockets to prevent overloading. The CFO added that the Brigade's Commissioned Services department worked hard to find organisations to support the Brigade's initiatives and this could be an area to be explored in the future.

Councillor Kabuye asked whether there was a correlation between fewer dwelling fires where Safe and Well Visits have occurred. The HoR&P confirmed that the Brigade uses different methodology to the Home Office for identifying risks and was confident that the visits are targeted in a way that is right for the area and for taking in some of the additional vulnerabilities.

Mr McGrath referred to the high level of deliberate fires in the Brigade area and asked what preventative measures could be taken to improve the figures. The CFO confirmed that basic tactical initiatives include crews visiting schools to educate children. More strategic approaches include partnership work with other agencies.

Councillor Kay asked how deliberate fires are categorised. The CFO confirmed that managers are trained to determine various grades of deliberate fire and noted that an out of control bonfire would not be determined as 'deliberate'. The HoR&P added that Cleveland was unique as a Brigade as 100% of incidents reported to the Home Office were quality assured.

RESOLVED - That the report be noted.

97.2 Review of the Corporate Risk Register

The CFO presented the Corporate Risk Register which had undergone a thorough review by the Executive Leadership Team in February 2025 resulting in a number of changes relating to the scoring matrix, wording on risk descriptions and the addition of four new risks, as outlined at Appendix 1.

RESOLVED – That the Corporate Risk Register at Appendix 1 be noted.

97.3 Internal Audit Progress Report

The CFO presented the audits undertaken to date and highlighted the outcomes relating to limited/satisfactory assurance.

RESOLVED - that the progress made against the 2023/24 and 2024/25 Internal Audit Plans be noted.

97.4 Progress Against Revenue and Capital Budgets 2024/25

The HoF&P presented the current position as at 31 January 2025 and reported that since the budget was set the financial environment remained challenging and inflation had remained higher for a longer period than forecast. The overall position on revenue budgets was detailed at Appendix 1 and shows a current forecast uncommitted underspend of £141k.

97.4 Progress Against Revenue and Capital Budgets 2024/25 cont.

She reported that the Grey Book pay award was budgeted at 3% but agreed by the FBU at 4% which increases recurring costs by £0.217m. These can be managed within the budget for 2024/25 however reduces financial flexibility to manage other financial risks that may arise. The national Green Book pay award at £1,290 upto ScP43 and 2.5% on ScP43 and above translated to £28k less than provided in the budget.

The overall revenue position, detailed at Appendix 1, reflects:

- Current underspend in pay budgets owing to occupancy levels
- Phasing of commitments on premises, supplies and services and transport costs
- Income running ahead of budget
- Receipt of unbudgeted Section 31 Grant in connection with McCloud Pension Remedy Work.

The HoF&P reported that the capital programme for 2024/25 had been updated in-line with the MTFS 2025/26 - 2027/28 approved by the Authority on 14 February 2025. This included the re-phasing / removal of projects planned for 2024/25 and budget amendments relating to market forces and inflation.

The Capital Budget for 2024/25 is now £5.372m comprising 39 schemes.

The forecast outturn position of an underspend of £2.387m for 2024/25 with actual spending as at 31 January 2025 at £1.385m with a further £1.6m forecast by the end of the financial year. This consists of three elements (overspend, underspend and rephased from 2024/25 to 2025/26) and progress for each project within the Capital Programme was detailed at Appendix 2 of the report.

RESOLVED - that the position as at 31 January 2025 be noted.

98. REPORTS OF THE TREASURER

98.1 Internal Audit Plan 2025/26

The Treasurer presented the Internal Audit Plan indicating the proposed coverage for 2025/26.

He reported that in order to comply with Public Sector Internal Audit Standards (PSIAS), Internal Audit was subject to a five-yearly External Quality Assessment (EQA). This had been undertaken in December 2024 by CIPFE which provided satisfactory assurance that the Authority's internal audit service conforms with PSIAS.

The Treasurer also confirmed that Internal and External audit work was integrated to avoid duplication and minimise costs to the Authority.

RESOLVED:-

- That the 2025/26 Audit Plan be approved.**
- That Members noted that an external assessment of Internal Audit services determined that it carried out its role in compliance with Public Sector Audit Standards (PSIAS).**

98.2 Treasury Management Strategy 2025/26 and Third Quarter Review 2024/25

Members scrutinised the detailed Treasury Management Strategy 2025/26 and received a third quarter update on Treasury activity for 2024/25. The report covered:

- Economic Background and Outlook for Interest Rates
- Treasury Management Strategy 2024/25 – 3rd Quarter Review
- Treasury Management Strategy 2025/26
- Borrowing Strategy 2025/26
- Investment Strategy 2025/26
- Minimum Revenue Provision and Interest Costs and Other Regulatory Information 2025/26
- Regulatory Information and Prudential Indicators 2025/26 (Appendix A)

The Treasurer reported that the Authority's Medium Term Financial Strategy (MTFS) had previously benefitted from careful management of investments and this is providing annual support for the revenue budget of £0.250m up to and including 2027/28. As a result of interest rate reductions occurring later than anticipated it should be possible to achieved additional investment income during 2025/26 which will enable this strategy to continue into 2028/29, which will protect front line services. He added that the MTFS also benefits from previous decisions to lock into low interest rates for capital borrowing.

The Treasurer reported that the approved Asset Management Plan requires significant additional borrowing over the period up to March 2030 and the phasing of this borrowing will depend on when actual capital expenditure is incurred. He added that locking into current long term interest rates is not appropriate as these are currently anticipated to exceed the Bank of England Base Rate until at least December 2027.

The Treasurer recommended that the borrowing requirement is funded from a combination of netting down investments / borrowings and then funding the net borrowing requirement using short-term loans. This approach will provide the lowest cost in the short-term (i.e. 2025/26) and also enable the Authority to minimise the long term cost (i.e. from 2026/27 onwards) of financing the approved Asset Management Plan by either:

- continuing this strategy if current interest rate structures continue for longer than forecast (i.e. short-term interest rates remain below long-term interest rates); or
- locking into long-term interest rates if these are more favourable and there is a risk of short-term interest rates increasing.

RECOMMENDED – That the following be referred to the Full Authority for approval on 28 March 2025:-

- i) **Note the 2024/25 Treasury Management third quarter position detailed in section 5.**
- ii) **Approve the prudential indicators outlined in Appendix A.**
- iii) **Borrowing Strategy 2025/26**
To approve the recommendation that the Capital Financing Requirement (CFR) i.e. capital borrowing requirement is funded from short-term borrowing until such time as long term interest rates reduce to a sustainable level.

98.2 Treasury Management Strategy 2025/26 and Third Quarter Review 2024/25 cont.

To approve the proposal to use any temporary revenue budget savings arising from temporary borrowing interest being less than budgeted to reduce the CFR, which will help mitigate potential higher longer term interest costs.

iv) Investment Strategy 2025/26

Approve the Counterparty limits as set out in paragraph 8.7.

v) Minimum Revenue Provision (MRP) Statement

Approve the following MRP statement:

- For capital expenditure incurred before 1st April, 2008 the Authority's MRP policy is to calculate MRP in accordance with former DCLG (Department for Communities and Local Government) Regulations. This is 4% of the Capital Financing Requirement except where the Authority makes Voluntary Revenue Payments (VRP) 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;
- The Treasurer may determine to make Voluntary Revenue Provision payments to reduce the Authority's overall CFR if it is in the best financial interests of the Authority.

98.3 Review of the Anti-Fraud and Anti-Corruption Strategy

Members reviewed this Strategy which forms part of the Authority's Ethical Governance Framework and had been updated to reflect recent changes to the current leadership and external audit teams.

Mr Harwood highlighted a discrepancy at Appendix 6 relating to the appointment of a Money Laundering Reporting Officer. The Treasurer agreed to alter the wording to ensure the Strategy is clear.

RECOMMENDED – That, subject to minor amendments, the Anti-Fraud and Anti-Corruption Strategy be approved at the Annual Meeting on 6 June 2025.

99. REPORT OF THE LEGAL ADVISER AND MONITORING OFFICER

99.1 Strengthening the Standards and Conduct Framework for Local Authorities in England – Open Consultation

Members considered details of an open consultation document issued through the Ministry of Housing, Communities and Local Government: 'Strengthening the standards and conduct framework for local authorities in England' (published 18 December 2024).

The Independent Persons confirmed that the LAMO had consulted with them prior to the report being shared with the Committee and their feedback had been provided for inclusion in Authority's response.

The CFO referred Members to the consultation at Appendix A and highlighted that the response was required by 26 February 2025. The Chair requested that the LAMO make a response on behalf of the Committee.

99.1 Strengthening the Standards and Conduct Framework for Local Authorities in England – Open Consultation cont.

RECOMMENDED - That Members noted the consultation document and delegated authority to the Legal Adviser and Monitoring Officer to respond to the consultation including comments provided by the Independent Persons.

**COUNCILLOR MARY OVENS
CHAIR**