

CLEVELAND FIRE AUTHORITY

MINUTES OF AUDIT & GOVERNANCE COMMITTEE MEETING



21 NOVEMBER 2025

PRESENT:

CHAIR:- Councillor Jim Beall - Stockton Borough Council

MIDDLESBROUGH COUNCIL

Councillor John Kabuye

REDCAR & CLEVELAND BOROUGH COUNCIL

Councillor Steve Kay

HARTLEPOOL BOROUGH COUNCIL

Councillor Christopher Wallace

INDEPENDENT PERSONS

Mr Steve Harwood

AUTHORISED OFFICERS

Chief Fire Officer

ACFO – Director of Strategic Planning, People & Resources

Treasurer

Legal Adviser & Monitoring Officer

BRIGADE OFFICERS

Area Manager, Assistant Director of Prevention, Protection & Planning

Assistant Director of Assets

AUDITORS – FORVIS MAZARS

Mr James Collins - Audit Engagement Lead

Mr Jack Brown- Audit Engagement Manager

APOLOGIES

FOR ABSENCE:

Councillors Naweed Hussain, Dennis McCabe (Middlesbrough)

Councillors Stefan Houghton, Andrew Sherris, John Gardner (Stockton)

ACFO – Director of Service Delivery

Head of Risk & Performance

Head of Finance & Procurement

52. DECLARATION OF MEMBERS INTERESTS

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

53. TO CONFIRM THE MINUTES OF THE MEETING HELD ON 22 AUGUST 2025

RESOLVED – that the Minutes of the Audit & Governance Committee held on 22 August 2025 be confirmed.

54. TO RECEIVE THE JOINT REPORT OF THE CHIEF FIRE OFFICER, TREASURER AND LEGAL ADVISER & MONITORING OFFICER

54.1 Governance Review

Members were advised that the purpose of the report is to provide an overview of the Authority's governance arrangements and lessons learnt in relation to the operation of the Company Interest Company (CIC) and detailed the following:

54.1 Governance Review cont.

- **Constitution** - the Treasurer advised that this is a requirement of the Authority as a governing body, and covers a total of 9 sections, including Governance, Ethical Governance Framework and Code of Corporate Governance. The Treasurer referred to Appendix 4, which details the remit of this Committee's role in ensuring the Authority maintains effective Governance arrangements.
- **Statutory Officer Role & Responsibilities** - the Treasurer advised that where reference is made to a Chief Executive/ Head of Paid Service, in this Authority, it would be the role of the CFO. Members were advised that Actions 1 & 2 detailed in the report state that minutes of meetings between the CFO, Treasurer and Monitoring Officer, and between the CFO, Treasurer and external auditors will be produced for auditing purposes.
- **Internal & External Audit Arrangements**
- **Review of CIC Governance Arrangements** - Members considered the Lessons Learnt, and were advised that these were, to some extent, academic as the Authority has no intention to establish a new Company Interest Company (CIC) or other form of trading arm in the foreseeable future.

Members discussed future decisions around commercial activity requiring review of the lessons learned within the report around Cleveland Fire Brigade Risk Management Service CIC (CFBRMS CIC) prior to agreeing any future activity. Members questioned the use of the estate by external parties and how this will be managed. The CFO advised that any community groups requesting use of rooms on the estate would need to be reviewed and approved, including costs of use and completion of appropriate risk assessments. Community groups currently using rooms on the estate, would already be considered approved, and their current approval is on the basis that the space cannot be used for trading. The Chair reiterated to Members that there no plans for any commercial activity in the foreseeable future, and should any appetite arise in the distant future, a paper would be brought to the Authority for Member approval first.

RESOLVED- that the recommendations and actions detailed within the Governance Review be noted.

55. TO RECEIVE THE REPORT OF FORVIS MAZARS

55.1 Draft Auditor's Annual Report

Members considered the report, which covered the audit period year ending 31 March 2025 and detailed:

- Audit of financial statements.
- Commentary on VFM arrangements.
- Other reporting responsibilities.
- Audit fees and other services.

The Audit Engagement Lead (AEL) highlighted the approach to the Value for Money arrangements reporting criteria, which are:

- Financial sustainability - auditors are comfortable there will be no lasting impact on the Authority following the liquidation of Cleveland Fire Brigade Risk Management Services CIC (CFBRMS CIC).

55.1 Draft Auditor's Annual Report cont.

- Governance - two weaknesses have been identified in relation to CFBRMS CIC, the first being the Authority's inability to access group accounts and Mazars' inability to provide an audit opinion for the year ended 31 March 2025 due to this and the second relating to reputational damage.
- Improving economy, efficiency and effectiveness - no weaknesses have been identified.

The Treasurer advised Members that, as the Authority will be unable to produce group accounts for the year ending 31 March 2025, it will be vulnerable to external scrutiny. In terms of reputational damage, it is expected that social media groups may pick this up, but the impact will be low. The AEL advised Members that the lack of group accounts could also affect the Authority's ability for any long-term borrowing in the future; however, it was acknowledged that this would likely be low impact.

The report presented is currently in draft, a finalised report will be shared with Members in February 2026. As Mazars will not be submitting an audit opinion for year ending 31 March 2025, there will be focus on gathering sufficient assurance for the next year.

RESOLVED- that the draft report be noted.

56. TO RECEIVE THE REPORTS OF THE CHIEF FIRE OFFICER

56.1 Organisational Performance & Efficiency Report – 2025/26 (Q2)

The Assistant Chief Fire Officer- Director of Strategic Planning, People & Resources (ACFO-DSPPR) gave a presentation outlining the performance of the Brigade for the period 1 April to 30 September 2025, which had been aligned to the Brigade's strategic goals, aims and associated outcomes.

The following key areas of performance were highlighted:

- Total number of fire control calls were 9,814 (+36% compared to the 5-year average), with an average answer time being 6.08 seconds.
- Total number of Safer Homes Visits completed were 8,197, with a 70% conversion rate (-27% compared to the same period in 2024/25, and -11% compared to the 5-year average). Crews have been asked to focus on CRMP engagement and on outcome of visits. Stories of some of these outcomes will be shared next year.
- Total number of incidents April to September 2025 (Q2) were 6,946 (+37% more than the same period in 2024/25, and +35% compared to the 5-year average).
- Total number of primary fires were 568 (+24% compared to the same period in 2024/25, and +22% compared to 5-year average). These were predominantly vehicle fires (45%).
- Total number of secondary fires were 3,675 (+72% compared to the same period in 2024/25, and +62% compared to the 5-year average). These were predominantly grassland fires (46%).

56.1 Organisational Performance & Efficiency Report – 2025/26 (Q2) cont.

- Total number of accidental dwelling fires were 107 (+30% compared to the same period in 2024/25, and +19% compared to the 5-year average). These had occurred in buildings identified as very high within our Building Risk Assessment, which shows we are targeting the right areas.
- Total number of deliberate fires was 3,548 (+63% compared to the same period last year, and +52% compared to the 5-year average). Cleveland remained the highest area for deliberate fires nationally during 2024/25.
- Total number of industrial & commercial audits completed were 268 (-83% compared to the RBIP target, and -13% compared to the 3-year average). 92% of completed RBIP audits carried out in 2025/26 to date have been deemed unsatisfactory, which is assurance that these audits are being completed correctly.
- Whole time crews mobilise within 2 minutes of instruction to 93% of occasions.
- On-call crews mobilise within 5 minutes of instruction on 62% of occasions.
- Sickness of all staff, wholetime and on call has reduced year on year, with Musculo-skeletal being the main cause of sickness absence (38% in Q2 2025/26, -6% compared to the same period last year) and 60% of sickness classed as long-term.

The ACFO-DSPPR advised members that musculo-skeletal has become the main cause of sickness absence and contributes to more duty days lost compared to mental health absence, due to the nature of operational roles in service. There may be opportunities in the future to look at ways to reduce musculo-skeletal issues within the workforce, but it would not be appropriate to at this time.

The Chair expressed thanks to the Head of Risk & Performance (HoR&P) for producing this report.

RESOLVED- that the report be noted.

56.2 Annual Statement of Assurance 2024/25

Members reviewed and scrutinised the Authority's Annual Statement of Assurance for the year ending 31 March 2025, attached at Appendix 1, in line with the requirements of the Fire and Rescue National Framework for England (2018).

The CFO introduced the report, and added that in future reports, he would like to see an element of people included. The CRMP was discussed and the priorities detailed within the Statement, specifically highlighting Cleveland's total number of deliberate fires in 2024/25 to date is 700, 548% higher than the national average. Cleveland have recently introduced risk-based targeting within the Fire Education Programme, which has engaged 44,587 children through schools Education visits.

The CFO highlighted that Cleveland arranged a no-notice high-rise exercise, alongside partner agencies, which was used to inform comprehensive crew task analysis to ensure resources and response strategies are deployed correctly, including additional measures for immediate building evacuation. This is something few other services do, and a further no-notice exercise will be arranged for the coming financial year.

56.2 Annual Statement of Assurance 2024/25 cont.

The Chair requested clarity around CRMP Priority 9 and “working in partnership”. The ACFO-DSPPR stated that this refers to the new Community Safety System (CSS), but added that more collaborations will be considered, such as the current work the service do with Catcote Futures and the potential of supporting young people, and a care leavers offer.

Members were advised that, although the service recognises that it’s equality, diversity and inclusion (EDI) figures are not representative of the community it serves, the Executive Leadership Team (ELT) are committed to improving EDI within the service by ensuring recruitment is accessible to all communities while acknowledging that improvement will take time and this is a long-term goal. The CFO assured Members that while recruitment will continue to focus on ensuring the best person is recruited to role, more will be done to encourage a more diverse group of candidates.

The CFO agreed to take an action to review the estimated cost per resident and consider how this could be made clearer to ensure there is no misinterpretation.

RECOMMENDED - That the Annual Statement of Assurance 2024/25 be recommended for approval by the Fire Authority at its meeting on 5 December 2025.

56.3 Internal Audit Progress Report

The CFO discussed audits undertaken to date, highlighting the outcomes relating to limited/satisfactory assurance. These included the audits from the 2023/24, 2024/25 and 2025/26 programmes.

The CFO advised Members that they have previously received details of outcomes of all reports within the 2023/24 and 2024/25 programmes, where 2 improvement actions remain outstanding from the 2023/24 audit on Value Added Tax, with a deadline of completion September 2025, and 5 improvement actions outstanding on the 2024/25 Stores audit to be completed by December 2025.

Members were advised that of the 15 audits for 2025/26, 5 have been completed in Q2: Cash Bank Recs, Loans and Investments, Payroll, On Call Firefighter Claims and Stores (which was completed following the production of this report, so appears outstanding within it). The outcomes for these 5 audits is ‘Satisfactory Assurance’, with no actions identified. All but the Stores audit final reports have been received. In addition, the Secondary Employment/ Work Time Regulations audit is new to this year’s programme.

The CFO agreed to take an action to include an indication of when audits have not started within the programme following a suggestion by Councillor Kay.

RESOLVED - that the progress made against the 2024/25 and 2025/26 Internal Audit Plans be noted.

56.4 Review of the Corporate Risk Register

The CFO presented the Corporate Risk Register and reported changes to the risks around CFB RMS CIC and Brigade Financial Pressures, the removal of the Legislative Pension Deadlines risk and addition of the risk Brigade Pension Expertise and Capacity.

56.4 Review of the Corporate Risk Register cont.

The CFO invited Member's comments and observations to Appendix 1. The ACFO-DSPPR explained that the removal of one risk around pensions and addition of a new risk is due the Brigade currently having only one individual with the expertise around pensions which they do in addition to their main role, however, acknowledged that we are currently in a good position with pension remedy work.

RESOLVED- the Corporate Risk Register was noted.

56.5 Progress Against Revenue & Capital Budget 2025/25 (Q2)

The Treasurer presented the current position as of 30 September 2025 and recommended that the net forecast revenue budget underspend of -£240k be allocated for pay awards, as the amount of these will not be agreed ahead of setting the budget, and due to current financial uncertainty, the Brigade needs to be prepared for upcoming these. The capital budget for 2025/26 is £7.077m comprising of 47 schemes, actual spend, including commitments at September was £778k, with a further £4.321m forecast by the end of the financial year. The forecast outturn on the capital programme is currently a year-end underspend of £1.978m. The financial position and progress for each project in the capital programme for 2025/26 is detailed in Appendix 2.

RESOLVED - that the position as of 30 September 2025 be noted.

56.6 Community Risk Management Plan (CRMP) 2026-30 Update

The ACFO-DSPPR updated Members on the current status of the CRMP, which is currently out for public consultation, with over 1600 responses received to date. These have generally been positive, as has feedback from those involved in producing the document. Work will now commence on the Delivery Plan, which, when finalised, will go to the Authority for sign off.

RESOLVED- that the verbal update be noted.

57. TO RECEIVE THE REPORT OF THE TREASURER

57.1 Treasury Management Strategy 2026/27 (including 2024/25 Outturn and Second Quarter Review) Update

The Treasurer provided a review of Treasury Management activity for 2024/25, including the 2024/25 outturn Prudential Indicators, and provided a second quarter update of 2025/26 Treasury Management activity. This covered:

- Economic Background and Outlook for Interest Rates
- Treasury Management Outturn Position 2024/25
- Treasury Management Strategy 2025/26 2nd Quarter Review
- Treasury Management Strategy 2026/27
- Borrowing Strategy 2026/27
- Investment Strategy 2025/26
- Minimum Revenue Provision and Interest Costs and Other Regulatory Information 2026/27

57.1 Treasury Management Strategy 2026/27 (including 2024/25 Outturn and Second Quarter Review) Update cont.

The Treasurer advised Members that the investment strategy will provide a one-off income in 2025/26 of £863k, and recommended this amount be earmarked as a Voluntary Revenue Provision (VRP) for use by the Authority to reduce the overall level of borrowing to fund capital expenditure or be released over multiple years by reducing Minimum Revenue Provision. These options will be presented in a future Treasury Management Strategy and Medium-Term Financial Strategy (MTFS) to reflect the financial position of the Authority at that time.

RECOMMENDED:- that the following be referred to the Full Authority at its meeting on 5 December 2025:

- i. That the 2024/25 Treasury Management outturn detailed in Section 5 and Appendix A be noted.
- ii. That the 2025/26 Treasury Management second quarter position detailed in section 6 be noted.
- iii. That the indicative the prudential indicators outlined in Appendix C and the final indicators be referred to the Authority as part of the MTFS report for approval.
- iv. **Borrowing Strategy 2026/27**
That 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 be approved.
That the proposal to use any temporary revenue budget savings arising from temporary borrowing interest being less than budgeted to make earmarked contributions to the Capital Phasing Reserve be approved.
These amounts can then either be used to reduce the CFR or offset future higher longer-term borrowing costs if these arise.
- v. **Investment Strategy 2026/27**
That the Counterparty limits as set out in paragraph 9.7 be approved.
- vi. **Minimum Revenue Provision (MRP) and Voluntary Revenue Provision (VRP) 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 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.

57.1 Treasury Management Strategy 2026/27 (including 2024/25 Outturn and Second Quarter Review) Update cont.

- The Authority approves the allocation of the 2025/26 forecast investment income of £0.863m to make a Voluntary Revenue Provision (VRP) payment to reduce the Authority's overall Capital Financing Requirement (i.e. total amount of borrowing required).
- To note that after reflecting the above VRP amount the cumulative VRP at 31.03.26 will be £1.163m. This amount will either be held to (a) permanently reduce the Capital Financing Requirement, or (b) to reduce future MRP payments by at least £0.250m per year for 4 years, which will effectively extend this level of support for the revenue beyond 2028/29, as detailed in paragraph 6.4. The decision between options (a) and (b) will be made within a future Treasury Management Strategy and Medium-Term Financial Strategy to reflect the financial position of the Authority at the time.

58. TO RECEIVE THE REPORT OF THE LEGAL ADVISER & MONITORING OFFICER
58.1 Public Authority (Accountability) Bill 2025

The Legal and Monitoring Officer (LAMO) gave Members a brief overview of the Bill, advising that the impetus behind it was the campaigning of those affected by the failings of public bodies, most notably, the Hillsborough Public Inquiry (1990). The bill was published with three main themes:

- A Duty of Candour
- Misconduct in Public Office
- Parity of Arms

The Bill is currently in the early stages, and additional reports will be brought before the Authority by the LAMO in future meetings as this develops.

RESOLVED- that the report be noted.

COUNCILLOR JIM BEALL
CHAIR