
CLEVELAND FIRE AUTHORITY

MINUTES OF AUDIT & GOVERNANCE COMMITTEE MEETING



21 AUGUST 2015

PRESENT:

CHAIR:-

Councillor Mick Stoker – Stockton on Tees Borough Council

MIDDLESBROUGH COUNCIL

Councillor Tom Mawston

REDCAR & CLEVELAND BOROUGH COUNCIL

Councillor Mary Lanigan

STOCKTON ON TEES BOROUGH COUNCIL

Councillor John Gardner

INDEPENDENT PERSONS

Jeff Bell, Mike Hill

AUTHORISED OFFICERS

Chief Fire Officer, Director of Corporate Services, Legal Adviser and
Monitoring Officer, Treasurer

MAZARS

Ross Woodley (Audit Manager), Mark Kirkham (Audit Director)

BRIGADE OFFICERS

Head of Finance, Head of Risk and Performance

APOLOGIES FOR ABSENCE: Councillor Naweed Hussain - Middlesbrough Council

AG1. APPOINTMENT OF CHAIR FOR ENSUING YEAR

The Director of Corporate Services (DoCS) sought nominations for the position of Chair of the Audit & Governance Committee for 2015/16. Councillor Stoker was subsequently proposed and seconded whereupon nominations were closed.

RESOLVED – that Councillor Stoker be appointed Chair of the Audit & Governance Committee for the ensuing year (2015/16)

AG2. DECLARATION OF MEMBERS INTERESTS

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

AG3. APPOINTMENT OF VICE CHAIR

The Chair sought nominations for the position of Vice Chair of the Audit & Governance Committee for 2015/16. Councillor Mawston was subsequently proposed and seconded whereupon nominations were closed.

RESOLVED – that Councillor Tom Mawston be appointed Vice Chair of the Audit & Governance Committee for the ensuing year (2015/16).

AG4. MINUTES

RESOLVED – that the Minutes of the Audit & Governance Committee held on 22 May 2015 be confirmed.

AG5. REPORTS OF MAZARS

AG5.1 Review of Arrangements for Securing Value for Money

The Audit Director outlined the Authority's arrangements for securing value for money against the five categories of characteristics of proper arrangements as set out in the Audit Commission guidance, which are:

- Financial Governance
- Financial Planning
- Financial Control
- Prioritising Resources
- Improving Efficiency and Productivity

The Audit Manager reported that no significant value for money risks had been identified and the only 'amber' risk was in relation to comparisons with other Fire & Rescue Authorities. He noted that the Authority's deprivation, chemical and nuclear risks put it at a disadvantage against other Combined Fire Authorities however when compared to deprived Metropolitan Fire Authorities the indicators fared significantly better.

He concluded that the Authority had a strong track record for delivering savings and keeping within budget and noted that over the last three year savings of £5.1m have been secured with a further £5.8m of cumulative savings forecast to balance the budget over the next three years. He added that CIRMP action plans were well developed and in place to achieve these savings.

Councillor Lanigan questioned whether funding streams were available to the Authority given its level of deprivation, chemical and nuclear risk. The Treasurer reported that the Authority depends on the Government for 65% of its funding and the cuts were flat rate, not based on population, hence Cleveland had the greatest cuts.

Mike Hill commented on the unfairness of being compared against the Combined Fire Authorities family group and stated that the Brigade had responded robustly.

RECOMMENDED – that the report be noted.

AG5.2 Audit Completion Report

The Audit Director outlined the purpose of the Audit Completion Report, set out at Appendix B, and communicated the findings of the audit for the year ended 31 March 2015 to Members.

The Audit Manager reported that the audit was ahead of schedule and noted the excellent cooperation of the Treasurer and his team and the high standard of accounting practices within the Authority. He updated Members that the timetable for delivering audit opinion was due to come forward by two months by 2017 and he was confident the Authority could achieve this.

AG5.2 Audit Completion Report continued

The Audit Manager informed Members that at the time of preparing the report, the completion of internal review procedures and final checks on implementation of agreed amendments remained outstanding, in addition to the completion of the following procedure by third parties:

- An audit opinion on the subsidiary company by the subsidiary auditors
- Accounting guidance from CLG for estimating liability for errors made in issuing historical lump sum pension payments.
- Conclusion from pension fund auditors.

Mr Jeff Bell requested Mazars include a glossary in future report to assist Members.

RECOMMENDED - that the report be noted.

AG6. REPORTS OF THE CHIEF FIRE OFFICER

AG6.1 Audit & Governance Forward Work Programme 2015/16

The Director of Corporate Services (DoCS) outlined the Forward Work Programme for 2015/16, as detailed at Appendix 1, in accordance with the requirements of the Authority's Standing Orders. The DoCS noted that the Forward Work Programme will remain flexible to allow referrals from the Authority, its committees or individual Members of the Audit & Governance Committee.

Mr Bell asked if the Forward Work Programme would need to be updated to reflect changes to Mazars timetable. The DoCS confirmed that this would be the case.

RESOLVED – that the Forward Work Programme 2015/16, as outlined at Appendix 1, be approved.

AG6.2 Review of the Corporate Risk Register

The DoCS reported that as part of the Authority's Governance arrangements the Corporate Risk Register was fully reviewed on a regular basis with the Brigade's Executive Leadership Team reviewing it on a quarterly basis to identify any new or emerging risks.

The DoCS reported that strategic risks continued to emanate from three key areas:

- Public austerity and the impact on the Authority's finances and its communities
- Potential for further industrial action relating to changes in Firefighter Pension Schemes
- Current government policy in relation to further governance models for Fire and Rescue Services going forward

The DoCS stated that all risks were being managed and work was underway to explore further avenues for collaboration and other governance models. She confirmed no emerging risks had been identified at the current time.

Councillor Lanigan asked if there was a correlation between staff sickness and the Occupational Health service provided by the Brigade. The DoCS confirmed this would be covered within the Organisational Performance and Efficiency Report.

AG6.2 Review of the Corporate Risk Register (cont)

Mr Bell asked for clarification relating to Public Service Mutuals (PSMs). The Chief Fire Officer (CFO) gave a brief summary of PSMs and informed Members that the Authority had commissioned Durham University to look at whether PSM was the right thing to pursue as a business case.

Councillor Stoker asked whether the threat of cyber attacks would be mitigated by the new HQ building. The CFO confirmed that Fire and Rescue Services were subject to strict security government guidelines aimed at preventing such events.

RECOMMENDED – that the Cleveland Fire Authority Corporate Risk Register, as attached at Appendix 1, be noted.

AG6.3 Organisational Performance and Efficiency Report April – June 2015

The Head of Risk and Performance (HoRP) outlined the performance of the Brigade for the period 1 April to 30 June 2015, which included:

Safer Communities

- Accidental Dwelling Fire (ADF) Fatalities 2015/16 – 0, decrease of 1 from 2014/15
- ADF Injuries 2015/16 – 2, decrease of 3 from 2014/15
- Accidental Dwelling Fires (ADFs) – 2015/16 – 36, decrease of 8 from 2014/15.
- Deliberate Dwelling Fires – 2015/16 – 21, increase of 5 incidents from 2014/15
- Industrial / Commercial Fires – 2015/16 – 24, increase of 9 from 2014/15
- People seriously injured in RTCs – 2015/16 – 43, 12 more than 2014/15
- Accidental Fires – 2015/16 – 325, increase of 89 incidents from 2014/15
- Deliberate Fires – 2015/16 – 947, increase in 280 incidents from 2014/15

ADFs had been reduced by 24% for this period since 2012/13. Across the districts there were 8 in Hartlepool, 14 in Middlesbrough, 8 in Redcar & Cleveland and 15 in Stockton. The main causes were cooking related, electrical fires/appliances and wires. The cost to the economy of Teesside for each fire was £25k.

Deliberate Fires had increased by 38% over the past four years, with no pattern. These were categorised into 121 primary fires, 56 vehicle fires, 28 dwelling fires and 9 in sheds/huts. The total cost to the economy of Teesside for these fires was £4.83m. The HoRP reported that Nunthorpe was the only ward in the whole of Cleveland that had not had a deliberate fire in this quarter.

Key Service Standards

- Call Handling – target 98% of calls are answered and the appropriate response mobilised within 2 minutes – current performance 93%
- Response Standard – all benchmarks exceeded the 75% target

The HoRP reported 1,227 mobilisations to building fire incidents / RTCs of which 1167 hit the service standard. He informed Members that all mobilisations that fail to hit the response standards are investigated in detail in an attempt to minimise future failures.

AG6.3 Organisational Performance and Efficiency Report April – June 2015 (cont)

Staff Sickness

- All staff sickness remains at 1.46 shifts per person for 2015/16 - same as 2014/15
- 791 shifts have been lost to staff sickness in the 1st Quarter which equates to £141k
- 100 members of staff have had no sickness in five years.
- 36 members of staff have had no sickness in over 10 years.

The HoRP confirmed that the Brigade's aim was to prevent staff going sick initially by utilising the in-house Occupational Health Service. He confirmed that a new Occupational Health Service contract had started this year and had been proactive in managing sickness absence.

Councillor Lanigan asked what the Brigade was doing to mitigate the cost of sickness. The DoCS confirmed that as part of the Authority's Employee Health & Wellbeing Strategy a Health & Fitness Coordinator was being appointed. In addition, Mental Health had been on the agenda over the past two years and the new Occupational Health Provider was looking to extend its arrangements to offer a 24 hour confidential service.

Mr Bell asked whether the cost to the economy of deliberate fires in Cleveland could be used to secure more funding from the Government. The HoRP confirmed that every incident recorded was reported to CLG to collate the information and consolidate the cost.

The CFO confirmed that Teesside had high levels of arson and both education and prosecution was pursued in an attempt to minimise the problem. He stated that Durham University had recently commissioned a report on why arson was a problem in Teesside and this was available electronically should the committee wish to view it.

RECOMMENDED - that the report be noted

AG6.4 Revenue and Capital Budgets Outturn Report 2014/15

The Head of Finance (HoF) reported that the overall position at 31 March 2015 was an underspend of £1,087,000 and detailed proposals for using £996,000 of these one-off resources were outlined in the Medium Term Financial Strategy report, approved by the Authority on 13 February 2015, and summarised at Appendix 1.

The HoF referred to the Capital Scheme monitoring statements at Appendix 2 and noted that some building schemes were split over more than one financial year due to their complexity. In addition, schemes relating to the purchase of Small Fires Unit, 4x4 towing vehicles and a water bowser were not complete and have been slipped into 2015/16.

The HoF confirmed there were no issues to report regarding the progress of Prudential Indicators and details of progress against key indicators were set out at Appendix 3 of the report.

Councillor Lanigan referred to the pension fund and queried how healthy it was. The CFO reported that all the Firefighter Pension Schemes were in deficit and there was no liability to the Authority.

AG6.4 Revenue and Capital Budgets Outturn Report 2014/15 (cont)

Councillor Mawston requested details on the use of Small Fires Units (SFUs) by the Brigade. The CFO reported that two SFUs had been loaned from Merseyside as part of a trial to see if they offered a more cost effective way of attending the 2,000 small fires that are reported annually across the Brigade area. He confirmed these were now crewed by Marine Fire Station from 2 – 10pm.

RECOMMENDED:-

- (i) that the position as at 31 March 2015 be noted.**
- (ii) that the detailed proposals for using the £996,000 of the 2014/15 revenue budget underspend, as approved by the Fire Authority on 13 February 2015 as part of the Medium Term Financial Strategy, be noted.**
- (iii) that the proposal to use the 2014/15 net uncommitted outturn to be developed as part of the 2016/17 budget process and reported to a future meeting, be noted.**

AG7 REPORT OF THE TREASURER

AG7.1 The 2014/15 Financial Report (including the 2014/15 Statement of Accounts)

Members scrutinised the 2014/15 Financial Report, which (included the Statement of Accounts). The Treasurer reported that these had been prepared in accordance with the Accounts and Audit Regulations 2011 which require all Local Authorities to produce an Annual Statement of Accounts by 30 June and Members are required to approve it by 30 September.

The Treasurer referred Members to Para 7 of the report and noted that at the previous meeting Members were provided with a copy of a letter, which was signed by the Chair of the Committee, to provide assurance to the External Auditors regarding the Authority's arrangements for a range of governance issues.

He noted that following the submission of the letter the Authority was requested to provide further information and evidence and accordingly the more detailed information was provided in a letter, as detailed at Appendix B.

The Treasurer informed Members that following scrutiny, the report would be considered for approval by the Executive Committee on 25 September 2015.

Councillor Mawston asked whether the Authority needed to adhere to a prescribed percentage of useable reserves. The Treasurer reported that this was not a defined percentage but was down to the individual Authority dependent on the risks faced.

Mr Bell queried why the Authority had a £0.5m bank overdraft limit. The Treasurer reported that it was to assist with the financial complexities of a large organisation and would only be utilised occasionally.

Councillor Lanigan asked whether the Authority had a preferred list of banks to use. The Treasurer confirmed that these were detailed in the Treasury Management which was brought annually to the Authority for approval.

AG7.1 The 2014/15 Financial Report (including the 2014/15 Statement of Accounts) (cont)

RECOMMENDED:-

- (i) that the report be noted.**
- (ii) that Members noted that the accounts detailed in Appendix A would be subject to the completion of the independent audit by Mazars and details of any material amendments would be reported to the Executive Committee on 25 September 2015.**
- (iii) that the opportunity to raise questions and/or seek clarification of information included in the pre-audit Statement of Accounts in the period up to 25 September 2015, when the Statement of Accounts will be presented to the Executive Committee for approval, be noted.**

AG8 ANY OTHER BUSINESS

The Audit Director informed Members that Mazars had established a new Tees Valley Forum to provide an opportunity for audit Chairs & Vice Chairs within the area to enhance their audit knowledge and discuss current topical issues. The Director confirmed that the first meeting date and venue was still to be arranged and the intention was to meet three times per year.

RESOLVED – that the Chair and Vice Chair attend the Tees Valley Forum meetings.

**COUNCILLOR MICK STOKER
CHAIRMAN**