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# CLEVELAND FIRE AUTHORITY

## MINUTES OF AUDIT & GOVERNANCE COMMITTEE MEETING

11 NOVEMBER 2016



**PRESENT:**

**CHAIR:-**

Councillor Norah Cooney – Redcar & Cleveland Borough Council

**MIDDLESBROUGH COUNCIL**

Councillors Teresa Higgins, Naweed Hussain

**REDCAR & CLEVELAND BOROUGH COUNCIL**

Councillor Neil Bendelow

**STOCKTON ON TEES BOROUGH COUNCIL**

Councillors Gillian Corr, Paul Kirton

**INDEPENDENT PERSONS**

Mr Mike Hill

Mr Jeff Bell

**AUTHORISED OFFICERS**

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

**MAZARS**

Cameron Waddell (Engagement Lead), Ross Woodley (Audit Manager)

**IN ATTENDANCE**

Head of Internal Audit (Hartlepool Borough Council), Head of Risk &  
Performance, Head of Finance

**APOLOGIES**

Councillor Rob Cook – Hartlepool Borough Council

**FOR ABSENCE:**

Councillor Ray Martin-Wells – Hartlepool Borough Council

Councillor Brian Dennis – Redcar & Cleveland Borough Council

**A two minutes silence was observed for Armistice Day at the start of the meeting.**

**57. DECLARATION OF MEMBERS INTERESTS**

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

**58. MINUTES**

**RESOLVED – that the Minutes of the Audit & Governance Committee held on  
26 August 2016 be confirmed.**

**59. REPORTS OF MAZARS**

**59.1 Internal Audit & Mazars Training**

The Treasurer reported that as there had been a large number of changes to  
membership of the committee he considered it appropriate for Members to receive  
an overview of the key Internal and External Audit functions and responsibilities.

### **59.1.1 Internal Audit Training**

The Head of Internal Audit (HIA), Noel Adamson, delivered a brief presentation to Members detailing:

- The Purpose of Internal Audit
- The Remit & Role of the Audit & Governance Committee
- Good Practice in Audit Committees
- Key Activities for the Year Ahead

Councillor Kirton enquired as to the frequency of internal audits. The HIA explained that the Audit Plan was a rolling programme. Councillor Kirton asked how often Internal Audit will be reported to the Committee. The Director of Corporate Services (DCS) confirmed that reports are received on a quarterly basis.

### **59.1.2 External Audit Training**

External Lead (EL), Mr Cameron Waddell, delivered an overview to Members of the External Audit function, including:

- Role of the External Auditor
- The Framework for External Audit
- The Audit Approach
- Audit Reporting

Councillor Kirton requested clarification as to what constituted 'transparency and public reporting'. The EL explained that an Annual Audit Letter is produced which is communicated to the public, via the CFB Website. The Annual Audit Letter includes the key issues which Mazars consider should be brought to the attention of the Authority.

**RESOLVED - that the presentations be noted.**

### **59.2 Annual Audit Letter 2015/16**

Audit Manager (AM), Mr Ross Woodley presented the Annual Audit Letter 2015/16 which covered:

- Key Messages
- Financial Statements
- Value for Money Conclusion
- Future Challenges
- Fees

He informed Members that Mazars had issued an unqualified opinion on the Financial Statements and the Value For Money conclusion. The AM reported that they are satisfied that the Authority has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The AM reported that the main challenge for the Authority is the continued pressure on finances and the need to plan for further reductions in spending power which will make it increasingly difficult to maintain the existing level of emergency cover and also invest sufficiently in preventative work. He outlined the main challenges for the future:

**59.2 Annual Audit Letter 2015/16 (cont)**

- Implementing existing CIRMP actions, and in particular, the changes in duty systems
- Maximising the benefits of working with other emergency services and partners; and
- Developing a new CIRMP and Medium Term Financial Plan that delivers the further savings necessary to balance the budget for the final year of the 4 year settlement and associated efficiency strategy.

The AM confirmed that Final Audit Fees for 2015/16 had remained, as previously reported, £32,687.

**RESOLVED: that the Annual Audit Letter 2015/16 be approved.**

**59.3 Audit Progress Report – November 2016**

The AM presented the Audit Progress Report which covered:

- Progress of the 2015/16 Audit
- Introduction of the 2016/17 Audit
- National Publications and Other Updates

**RECOMMENDED: that the report be noted.**

**60. REPORTS OF THE CHIEF FIRE OFFICER**

**60.1 Annual Statement of Assurance 2015/16**

The DCS presented the Annual Statement of Assurance 2015/16, which provides annual assurance on operational, financial, governance and performance and shows how the Authority has due regard to the requirements included in the Fire and Rescue National Framework for England 2012 and the expectations set out in the authorities' own integrated risk management plan.

She explained that the Statement was brought to Audit & Governance for scrutiny prior to consideration and approval by the Executive Committee.

Mr Hill asked if Members of the Public had access to Authority Meetings. The DCS explained that they do have access except where confidential items were agendered. The Legal Adviser and Monitoring Officer (LAMO) stated that notifications of meetings were sent out to all constituent authorities for them to display. Dates of meetings were also available on the Authority's website.

**RECOMMENDED: that the Annual Statement of Assurance 2015/16 be presented to the Executive Committee for approval.**

**60.2 Organisational Performance & Efficiency Report April – September 2016**

The Head of Risk and Performance (HRP) outlined the performance of the Brigade for the period 1 April 2016 to October 2016 (an updated position from the report), which detailed:

**60.2 Organisational Performance & Efficiency Report April – September 2016 (cont)**

- Total incidents attended 6,544 – a 22% increase on the same period last year. The main reason for the increase was Emergency Medical Response (EMR) incidents which equated to 1463 - 23% of all incidents.
- Fire fatalities - 100% increase (this related to 1 incident)
- Fire injuries – 33% reduction (this related to a reduction of 4 incidents)
- Accidental Dwelling Fires – 1% increase on the same period last year (this related to 1 incident)
- Deliberate Fires – 12% decrease on the same period last year (this related to 247 incidents)
- Initial figures for the Bonfire Campaign showed a reduction in deliberate secondary fires
- Emergency Medical Response 1497 incidents in Q1 & Q2 with a further 336 where the Brigade were stood down

Councillor Kirton highlighted the correlation between accidental dwelling fires and deprivation. The HRP confirmed that this is an area that we constantly monitor.

Councillor Higgins referred to the ward fire incident information that she receives on a regular basis and commented that this has enabled her to target and check problem areas.

Mr Hill enquired as to the financial cost of participating in the EMR Trial. The Chief Fire Officer (CFO) advised that, with regard to the EMR trial, the cost of mobilising crews is borne by the Authority whilst training and consumables are funded by the North East Ambulance Service (NEAS).

Councillor Kirton asked if the number of EMR deaths impacted our performance. The CFO advised that these are not recorded in our reporting and that evaluation of the trial is being undertaken at a national level.

Councillor Corr asked if factors such as traffic conditions and roadworks were built into response times. The CFO explained that response standards are measured on normal road speeds and if an appliance is held up due to traffic conditions etc and arrived outside of the response standard then this would be deemed a failure. He commented that this is rarely a problem and that if we are aware of such factors other resources can be mobilised.

Councillor Kirton asked if, since commencing the trial of EMR, monitoring is taking place regard the mental health of our staff. The CFO confirmed that the main cause of operational sickness remains as musculoskeletal and that many measures are in place to assist staff who have attended EMR incidents including TRiMS training and occupational health and counselling service. The DCS added that the Authority has also signed the Blue Light Time to Change pledge, specifically aimed at Emergency Service workers, which demonstrated our commitment to ending mental health stigma and discrimination in the workplace.

**RECOMMENDED - that the report be noted**

### **60.3 Home Office Fire and Operational Statistics 2015/16**

The CFO outlined the classifications of data published by the Home Office in relation to Operational Statistics. He explained that in 2015/16 the data relating to Workforce and Workforce Diversity had been extended to cover other diversity characteristics. The CFO highlighted the following areas:

- Total Workforce – Firefighter & Fire Control and Support Staff
- Proportion of all staff employed by FRS's that are women in England, 2002-2016
- Gender of staff employed by FRS's by role in 2016 in England
- % of Firefighters in Ethnic Minorities compared to the Resident Population, England 2016
- Total Injuries to Firefighters in England 2002/03 to 2015/16
- Hours spend on Fire Prevention in England 2010/11 to 2015/16

The CFO demonstrated the data available, explained how this can be accessed and how the statistics for individual FRS's can be selected.

He reported that this information is used to support its strategic and operational planning; to inform policy and strategy development; for performance management and report; to support the Brigade's Intelligence Framework and to enhance the transparency of the Brigade to the public.

**RECOMMENDED – that the report be noted.**

### **60.4 Fire Commercial Reform Programme**

The DCS provided details of Cleveland Fire Authority's work and activities in relation to the procurement and the Fire Commercial Reform Programme.

She highlighted the data of the fire and rescue services' spend on 25 common items of uniform and equipment which was provided in a spreadsheet from the Home Office and reported that the data is limited in that it:

- is high level with no details
- refers to the latest purchase, which for some Brigades might have been the day before the survey and for others might have been a year earlier
- takes no account of the quality of the product or the product specification
- takes no account of the life cycle of the product

The DCS confirmed that the following conclusions were drawn from the analysis:

- the Brigade neither procures the cheapest nor the most expensive of any of the 25 items
- the Brigade procures most (64%) of its products through collaborative or framework arrangements
- Collaborative or framework procurement arrangements are not necessarily the direct cheapest means of procuring goods
- The indirect cost savings of using framework and collaborative arrangements must also be acknowledged in that procurement may be accelerated as the tender processes or 'mini-competition' are much shorter

The DCS presented a full update on all the Brigade's procurement arrangements and the work underway to address any gaps.

**60.4 Fire Commercial Reform Programme (cont)**

**RECOMMENDED:-**

- (i) That the publication of the Government's overview of what each of the 45 fire and rescue authorities in England pays for 25 common items of uniform and equipment is noted.
- (ii) That the analysis and findings of the above Home Office published data in relation to Cleveland Fire Authority as detailed in the report at Appendix B be noted.
- (iii) That regular procurement updates be provided to the Authority's Audit and Governance Committee.

**60.5 Progress Against Revenue & Capital Budgets 2016/17**

The HoF presented the current position as at 30 September 2016 and informed Members of the forecasted outturn position which shows a net underspend of £0.570m. He confirmed that the final outturn will be dependent on the phased implementation of the CIRMP proposals. The strategy for using the forecast outturn will be considered at a future CFA meeting.

The HoF reported that work is well advanced on the building programme with the first phases of the Queens Meadow development completed. The next phase has commenced which is the completion of the training facilities. He confirmed that there are no significant issues to report at this stage.

**RECOMMENDED - that the position at 30 September 2016 be noted**

**61. REPORT OF THE TREASURER**

**61.1 Treasury Management Strategy 2017/18**

The Treasurer presented the Authority's Treasury Management Strategy for 2017/18 for scrutiny prior to referral to the full Authority in the new calendar year, which included the following issues:

- Economic Background and Outlook for Interest Rates
- Outturn Position 2015/16
- Treasury Management Strategy 2016/17 Mid-Year Review
- Treasury Management Strategy 2017/18
- Borrowing Strategy 2017/18
- Investment Strategy 2017/18
- Minimum Revenue Provision and Interest Costs and Other Regulatory Information 2017/18

The Treasurer highlighted that against the uncertain national background and the requirement to make significant budget reductions to balance the 2017/18 to 2019/20 budget, the Authority has secured long term borrowing at historically low interest rates. This has secured the financing of the Asset Management Plan and has protected the Authority against increases in longer term interest rates.

**RECOMMENDED:-**

- (i) That the 2015/16 Treasury Management Outturn detailed at section 5 and Appendix A be noted.
- (ii) That the 2016/17 Treasury Management mid-year position detailed in section 6 be noted.

**61.1 Treasury Management Strategy 2017/18 (cont)**

- (iii) That the detailed prudential indicators for 2017/18 and future years be noted and recommended for approval by the Fire Authority in February 2017.
- (iv) That in relation to the Investment Strategy 2017/18, the Fire Authority be recommended to approve:
  - a) The increase of the Counterparty Limit for Svenska Handelsbanken from £1m to £2m
  - b) The increase of the Counterparty Limit for County, Metropolitan or Unitary Councils from £2m to £3m
  - c) The increase of the Counterparty Limit for District Councils, Police or Fire Authorities from £1m to £1.5m
  - d) The Counterparty limits as set out in paragraph 9.8, which incorporates the above recommendations (a) to (c)
- (v) That in relation to the Minimum Revenue Provision (MRP) Statement, as outlined in paragraph 10.2, be recommended to the Fire Authority for approval.

**62. REPORT OF THE LEGAL ADVISER AND MONITORING OFFICER**

**62.1 Business Report – Sanctions for Breaches of the Members Code of Conduct**

The LAMO reported that the new ‘action’ based system under the Localism Act, 2011 has caused some disquiet in that a proven breach of a Code of Conduct may not necessarily lead to a commensurate outcome. DCLG have invited responses following on from a case involving a Saddleworth Parish Council Member. It was indicated that the Government were not only prepared to welcome responses on the operation of Section 80 of the 1972 Act but also more generally upon the Code of Conduct regime.

The LAMO reported that the Monitoring Officers’ representing the twelve local authorities in the North East have written to the Permanent Secretary of DCLG and this correspondence along with the reply received from DCLG was attached at Appendices 1 and 2. He confirmed that the Authority has a framework for the promotion and maintenance of ethical standards consistent with the Localism Act, 2011 and stated that owing to the present disquiet over the non availability of statutory sanctions it is felt appropriate that the Authority fully engage with consultation exercises promoted through DCLG both with regard to the disqualification criteria under the Local Government Act 1972 and particularly the standards arrangements under the Localism Act, 2011.

Councillor Kirton enquired as to the process should an Independent Person breach the Code of Conduct. The LAMO confirmed that they are co-opted Members of the Authority and as such are subject to the same Code of Conduct. He advised he would be responsible for the investigation of any breaches.

**RECOMMENDED:-**

- (i) **That the report be noted**
- (ii) **That the Committee receives further reports following the consultation exercise to be undertaken through DCLG.**

**COUNCILLOR NORAH COONEY**  
**CHAIR**