



**Draft Minutes of the Finance & Audit Committee held at 10:00 hours on
4 December 2020. This was an online meeting held in Microsoft Teams**

These are draft minutes prepared by officers to be approved by the Finance & Audit Committee at its next meeting.

Members present:

Cllr Bob Jones (Chairman)
Cllr Richard Biggs
Cllr Peter Hutton
Cllr Kevin Small

Cllr Brian Mattock (Vice Chairman)
Cllr Paul Hilliard
Cllr Pip Ridout
Cllr Ann Stribley

Officer attendance:

Chief Fire Officer, Ben Ansell
Head of Financial Services & Treasurer, Ian Cotter
Deputy Clerk & Monitoring Officer, Grace Evans
Deputy Chief Fire Officer (DCFO), Derek James
Director of Community Safety, Assistant Chief Fire Officer (ACFO), Jim Mahoney
Director of Service Support, Assistant Chief Fire Officer (ACFO), Byron Standen
Director of People Services, Jenny Long
Head of Strategic Planning & Corporate Assurance, Jill McCrae
Head of Knowledge, Information & Communications, Vikki Shearing
Area Manager (AM), Service Support, Andy Cole
Area Manager, Prevention and Protection, Marc House
Democratic Services Support, Steph Howard

Guests:

Michelle Hopton (Deloitte LLP)
Laura Wickes South West Audit Partnership (SWAP) Internal Audit Services

20/29 Welcome

20/29.1 The Chairman opened the meeting and welcomed attendees. Members introduced themselves.

20/30 Apologies

20/30.1 No apologies were received.

20/31 Code of Conduct, Declarations of Interest and notifications of any other business

20/31.1 The Chairman asked the Members for any disclosures of pecuniary interests under the Localism Act. There were no disclosures.

20/32 Minutes of the Finance & Audit Committee meeting on 17 September 2020

20/32.1 The Chairman asked Members to review and approve the minutes from the last meeting.

20/32.2 Cllr Stribley requested an update on paragraph 20/20.7 in relation to the lease agreement for the Charminster Depot. The Chairman confirmed that the Financial Services team had been liaising with Dorset Council. Assistant Chief Fire Officer (ACFO) Byron Standen confirmed that discussions on the lease would take place in the early part of 2021.

20/32.3 The Chairman drew Members' attention to paragraph 20/21.1, which related to material change in the Statement of Accounts and confirmed this would be covered under item 20/34 of this meeting.

20/32.4 Chief Fire Officer (CFO) Ben Ansell drew the Members' attention to paragraph 20/19.1, which related to the on-call pay model and confirmed that this has been implemented to all 46 on-call stations. He also referred to paragraph 20/21.11 and reported that Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Coronavirus inspection had taken place and the results were expected week commencing 7 December 2020. He confirmed that the Service would be in Tranche 3 of the next round of inspections, which were likely to commence from summer 2021.

20/32.5 The CFO referred to paragraph 20/25.3 and confirmed the financial impact of the Wareham Forest major incident. He confirmed that a request for £569,661.01 had been formally placed with the Director of Fire & Resilience at the Home Office.

20/32.6 **RESOLVED: that the minutes be confirmed without amendment and signed by the Chairman as a correct record.**

20/33 External audit – verbal update

20/33.1 Michelle Hopton (Deloitte LLP) gave a verbal update. She reported that the external audit for 2019-20 had now concluded and confirmed that all outstanding matters reported at the previous committee meeting had been completed. Michelle Hopton confirmed that Deloitte would formally sign off the financial statements once they had been through the Deloitte LLP final clearance process.

20/33.2 **RESOLVED: Members noted the verbal audit update.**

20/34 Statement of Accounts 2019-20

20/34.1 The Head of Financial Services, Ian Cotter, reported that the draft Statement of Accounts for 2019-20 were approved in principle by the Finance & Audit Committee on 17 September 2020, subject to there being no material change.

20/34.2 Ian Cotter then confirmed that it had been necessary to update the financial statements as a result of a material change in pension liabilities. This was in respect of the Firefighters' Pension Scheme (FPS), following the publication of remedy proposals relating to the McCloud pensions case. He advised that the overall impact was a reduction in liability totalling £2.1m and all relevant sections of the financial statements has been amended accordingly.

20/34.3 **RESOLVED: Members approved the Statement of Accounts 2019-20, including the Annual Governance Statement.**

20/35 Internal Audit Quarterly report – quarter 3

20/35.1 Laura Wickes, South West Audit Partnership (SWAP), presented the report and advised Members that there were two audits scheduled to be carried out and reported for quarter 3. She went on to advise that for the audit process to assess the efficiency, effectiveness and controls of the new ICT asset management system, the Service requested a delay to the start of the audit, to allow for the implementation of the system. Laura Wickes confirmed that whilst the audit was completed in quarter 3, the report and findings would be delayed until quarter 4 audit reporting in March 2021.

20/35.2 Laura Wickes provided Members with an overview of the Treasury Management audit where SWAP awarded the Service with substantial assurance and highlighted areas of best practise identified.

20/35.3 **RESOLVED: Members considered the findings of the audits and approved the management responses.**

20/36 Internal Audit Progress report

20/36.1 The Head of Strategic Planning & Corporate Assurance, Jill McCrae, explained that this report covered any audit recommendations which were provided by SWAP.

20/36.2 Jill McCrae took Members through appendix A of the report and confirmed the items completed and provided assurance of the progress of the outstanding actions.

20/36.3 **RESOLVED: Members reviewed the progress made.**

20/37 Financial monitoring report - quarter 2

20/37.1 Ian Cotter reported that officers continued to forecast spend below budget on both capital and revenue budgets for 2020-21. He reported that the revenue variance was £1.87m less than budget. This was mainly due to updating forecast budgets with additional grants received and expected use of reserves. He also confirmed that the reserves forecast for year-end had improved since quarter 1.

20/37.2 Ian Cotter reported that the Service received a COVID-19 funding grant of £1.3m from the Ministry of Housing, Communities and Local Government (MHCLG) and that officers are currently forecasting to spend £0.8m of this grant and the remainder carried forward to support future additional costs.

20/37.3 Ian Cotter explained that there were further cost savings made since quarter 1 such as fuel and mileage costs and he anticipated ongoing savings in these area in future years.

20/37.4 Ian Cotter reported that savings of £203k were estimated against capital financing costs. It was likely that further savings would be made, dependent on the need to borrow, and he confirmed that this would be kept under review.

20/37.5 Ian Cotter reported that the forecast year-end balance on earmarked reserves and grants was £17.247m, including the current £1.866m underspend forecast. The comparative figure from quarter 1 was £16.757m.

20/37.6 Ian Cotter drew the Members' attention to section 4 of the report looking at capital spending and explained that the revised Capital Programme for 2020-21 now totals £7.357m; however, due to the significant impact the coronavirus pandemic has had on the timing of projects, this may be subject to further change.

20/37.7 Ian Cotter explained that appendix C indicated a current forecast spend of £7.2m which shows some additional variances in terms of ICT projects, referred to in paragraph 4.3 of the report.

20/37.8 Ian Cotter summarised by saying that, overall, both revenue and capital budgets showed positive positions this year, but a tougher time was expected ahead. Members would be further updated on the financial position at the December Members' seminar.

20/37.9 **RESOLVED: Members noted and commented upon the current financial position as at 30 September 2020.**

20/38 Performance report - quarter 2

20/38.1 Jill McCrae took Members through appendix A to the report which provided an

update on the performance for priorities 4 and 5, reminding the Committee that the Service's performance management arrangements were aligned to the HMICFRS methodology.

20/38.2 Members were provided with an overview of each Key Line of Enquiry (KLOE), aligned to the two priorities, by the responsible officer.

Cllr Hutton left the meeting.

20/38.3 **RESOLVED: Members reviewed and approved the performance report for quarter 2, as detailed in appendix A.**

20/39 Strategic Risk Register

20/39.1 Jill McCrae took Members through appendix A of the report, detailing the strategic risks of the Authority and department risks for the Service.

20/39.2 Jill McCrae highlighted risk 301 ('failure to protect the Service against cyber threats and attacks') and confirmed that before this risk rating was recommended for a reduction, the Service wished to achieve the Cyber Essentials Accreditation.

20/39.3 Jill McCrae went on to report that in anticipation of a second wave of the coronavirus pandemic during the winter months, risk 413 had been widened to 'winter preparedness' to include the second wave of the pandemic, winter seasonal flu, severe weather and the additional challenge of the United Kingdom exiting from the European Union. She noted that these additional risks collectively created a 'perfect storm', thereby posing a significant risk to the Service, local communities as well as nationally. She provided assurance to the Members of the work undertaken to mitigate this risk, including the Service's involvement with both Local Resilience Forums.

20/39.4 Jill McCrae confirmed that there were no issues to highlight and no new risks emerging.

20/39.5 **RESOLVED: Members reviewed the strategic risks and mitigations set out in appendix A.**

20/40 Date of next meeting

20/40.1 The Chairman confirmed the date of the next Finance & Audit Committee meeting as 3 March 2021.

The meeting closed at 11.48.

Signed: _____