



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Minutes of the Finance & Audit Committee held at 10:00 hours on Wednesday 27 July 2022 at the Dorset & Wiltshire Fire and Rescue Service Headquarters, Salisbury

Members present:

Cllr Byron Quayle (Chair)	Cllr Pip Ridout (Vice Chair)
Cllr Richard Biggs	Cllr Malcolm Davies
Cllr Kelvin Nash	Cllr Kevin Small

Officer attendance:

Chief Fire Officer (CFO), Ben Ansell
Deputy Chief Fire Officer (DCFO), Derek James
Deputy Clerk & Monitoring Officer, Grace Evans
Head of Financial Services & Treasurer, Ian Cotter
Director of Community Safety, Assistant Chief Fire Officer (ACFO), Andy Cole
Director of Service Support, Assistant Chief Officer (ACO), Jill McCrae
Head of Corporate Support, Vikki Shearing
Corporate Communications & Engagement Manager, Emily Cheeseman
Democratic Services Officer, David Shaw

Guests:

Michelle Hopton - Deloitte LLP (via MS Teams)
Dan Newens - South West Audit Partnership (SWAP) Internal Audit Services

22/15 Welcome

22/15.1 The Chair opened the meeting and welcomed attendees.

22/16 Apologies

22/16.1 Apologies were received from Cllr Pete Barrow and Cllr Paul Hilliard. It was noted that Cllr Barrow's absence was due to illness.

22/17 Code of Conduct and Declaration of Interests

22/17.1 The Chair asked the meeting for any disclosures of pecuniary interests under the Localism Act. There were no disclosures.

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22/18 Public Questions

22/18.1 No questions were received from members of the public.

22/19 Review and approve Minutes of the Finance & Audit Committee meeting on 9 March 2022

22/19.1 The Chair asked Members to review and approve the minutes from the last meeting.

22/19.2 **RESOLVED: Members approved the minutes and they were signed by the Chair as a correct record.**

22/20 Annual Financial External Audit – verbal update

22/20.1 Michelle Hopton, Deloitte LLP, provided a verbal update by MS Teams.

22/20.2 Michelle Hopton reported that the annual financial external audit was progressing well and that a more comprehensive update would be provided to the next meeting of the Committee. Ian Cotter, Head of Financial Services & Treasurer, confirmed that the audit was progressing well.

22/20.3 **RESOLVED: Members received and noted the Annual Financial External Audit – verbal update**

22/21 Draft Statement of Accounts 2021-22, Annual Governance Statement and Financial Outturn 2021-22

22/21.1 Ian Cotter presented the report.

22/21.2 Cllr Richard Biggs asked if the McCloud/Sargeant pensions case compensation referred to in the notes to the accounts could be reclaimed from the Government. Ian Cotter replied that the position on the Home Office's funding was unknown, but the sums involved would not be excessive. The highest liability to the employer for pensions would be the increase in charges to the employer's contribution rates applying from April 2024.

22/21.3 Cllr Kevin Small enquired if the Statement of Accounts would be affected by the delays in audit. Ian Cotter stated that he was aware that property valuations had been an issue for audits on 2020/21 accounts for some authorities, but there were no particular issues for Dorset and Wiltshire. He added that valuations were always considered by Deloitte LLP in their external audit work.

22/21.4 Cllr Small also referred to the reduction in the balance of earmarked reserves for insurance and ill health retirements and asked if they would be replenished. Ian Cotter explained that the reserve for ill health retirements was sufficient at

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present and was monitored regularly and that for insurance an amount had been moved to support the provision for outstanding claims. As the Authority had a high degree of self-insurance to reduce premiums, the risk was monitored.

22/21.5 Cllr Small further enquired if unused grants could be utilised. Chief Fire Officer (CFO) Ben Ansell explained that grants held against projects had to be used for those specific purposes and Ian Cotter added that the grant for the Emergency Services Mobile Communications project was monitored.

22/21.6 In answer to questions from Cllr Biggs and Cllr Small, Ian Cotter gave further details on the timescales for the expiry of certain property leases and how they were accounted for in the Medium Term Financial Plan and CFO Ansell provided the current position on the negotiations for their renewal.

22/21.7 **RESOLVED:**

1. **That the Draft Statement of Accounts 2021-22, including the Annual Governance Statement be noted.**
2. **That the carry forward of £728k for capital projects not completed in 2021-22 be approved.**

22/22 Internal Audit Annual report and Opinion 2021-22

22/22.1 Dan Newens from SWAP presented the report, which highlighted that substantial assurance had been awarded overall, following the delivery of the year's internal audit programme.

22/22.2 Cllr Small referred to the three adequate internal audit assurance opinions referred to in the report relating to operational obsolescence, pensions administration (and employer contributions) and critical supplies and supply chains – emergency response and asked if any could be moved to substantial assurance. Dan Newens responded that all management actions had been successfully implemented since the survey.

22/22.3 **RESOLVED: That the findings of the Internal Audit Annual report and Opinion 2021-22 be noted.**

22/23 Internal Audit Quarterly report – Quarter 1

22/23.1 Dan Newens from SWAP presented the report.

22/23.2 In reply to a question from Cllr Biggs, Assistant Chief Fire Officer (ACFO) Andy Cole explained how the awareness of safeguarding was embedded in the Service and confirmed that training and appraisals for firefighters included safeguarding to ensure that they were aware of their role and requirements

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within the organisation. CFO Ansell added that the low-level action that staff training in safeguarding was overdue for a small number of employees (five) was in proportion to a few hundred and the Service had received positive feedback from partners for its approach to safeguarding.

22/23.3 **RESOLVED: That the findings of the audits be noted and the management responses be approved.**

22/24 Internal Audit Progress report

22/24.1 Assistant Chief Officer (ACO) Jill McCrae presented the report.

22/24.2 In reply to Cllr Small's question, regarding the ongoing stock take of high value goods, and whether the six-monthly stock take was in full or was partial, ACO McCrae explained that periodic stock takes were made; that the six-monthly stock take was partial in specified areas and that a full stock take was undertaken every 12 months.

22/24.3 The Chair enquired about the mechanisms in place for budget holders to report the impact of high inflation and the restriction in supply of an item that might cause the value of a specific item to rise disproportionately. Ian Cotter responded that Service managers were able to inform if this was the case through the budget management process.

22/24.4 CFO Ansell added that staff were aware of the budget process and of obtaining value for money and that Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services' inspection had highlighted that the efficiency of the Service was good. ACO McCrae observed that the Service's approach to performance management governance received substantial assurance by the Internal Auditors and she provided an overview of the Service's approach. Grace Evans, Deputy Clerk & Monitoring Officer, also explained that the Authority's Contract and Procurement Standing Orders and Financial Regulations provided assurance.

22/24.5 In reply to a question from Cllr Biggs, the Officers provided information on how relationships with suppliers were maintained through discussion and informal intelligence and the role of the National Fire Chiefs Council in that area.

22/24.6 **RESOLVED: That the progress made in Audit Improvement Plan Activities be noted.**

22/25 Performance Report - Quarter 4

22/25.1 Deputy Chief Fire Officer (DCFO), Derek James reported on KLOE 6 sub diagnostic – *To what extent do we demonstrate effective management of Information and Communication technology.*

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- 22/25.2 In reply to a question from Cllr Biggs regarding the upgrade and replacement of the ICT servers, DCFO James stated that some were outsourced in the 'cloud' and some were kept in-house. Decisions were made on a case-by-case basis with security being a key consideration. The storage of data was mirrored between two sites as part of the business continuity arrangements.
- 22/25.3 Vikki Shearing, Head of Corporate Support, reported on KLOE 13: *Are effective governance and decision-making arrangements in place?*
- 22/25.4 In reply to a question from Cllr Pip Ridout, Vikki Shearing informed the meeting that 27 Freedom of Information requests was average, to slightly higher than average, and related to requests from journalists and members of the public. Of the two requests not responded to within 20 working days, the persons submitting the requests were kept informed on progress.
- 22/25.5 DCFO James reported on KLOE 10 sub diagnostic – *How well do leaders seek feedback and challenge from all parts of the workforce?* CFO Ansell referred to a different approach that had been taken to 'Question Time' following feedback from staff and the Chair commented positively about the changes resulting from staff feedback.
- 22/25.6 **RESOLVED: Members reviewed and approved the Quarter 4 2021-22 Performance, as detailed in Appendix A of the report.**
- 22/26 Strategic Risk Register**
- 22/26.1 ACO McCrae introduced the report.
- 22/26.2 CFO Ansell referred to risk reference 0006 – regarding financial sustainability. It was explained that the Government grants received for Covid-19 and Fire Safety were one off grants for specific purposes and were not in the base budget. Reference was made to the Local Government Association (LGA) Employer Circular 25 July which set out the National Employers final pay award offer to the employees' side of the Local Government National Joint Council (NJC). This included with effect from 1 April 2022, an increase of £1,925 on all NJC pay points and with effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement which, if accepted by the unions, would apply to the Authority's corporate staff. Operational staff had been offered a 2% increase which had been rejected by the Fire Brigades Union.
- 22/26.3 CFO Ansell continued that the Authority had budgeted 2% for wage increases and that the current negotiations indicated settlements in the range of 5% to 6%. This introduced budget risks for this and future years, in addition to the present inflationary pressures, such as high fuel costs. The additional wage costs could be in the region of £1.75m per year, which when added to the current deficit forecast for 2023-23 of £1.1m could lead to more significant and escalated financial challenges.

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- 22/26.4 Cllr Small commented that the LGA offer on all pay points for corporate staff could lead to implications on pay structures going forward and noted the potential impact on the Service of the pay award, including the additional day of leave. Cllr Biggs asked if the pay award would be pensionable, and this was confirmed by the Officers who added there would be additions to allowances and employee oncosts to also take into account.
- 22/26.5 Members debated the financial implications for the Service and expressed the need to canvass local Members of Parliament and Government Ministers to secure flexibility to increase the fire precept within the Local Government Finance Settlement.
- 22/26.6 Cllr Biggs enquired about the Service's Business Continuity Plans and the risk of industrial action. ACO McCrae stated that plans were in place to mitigate the reduction of frontline services, due to the loss of staff arising from industrial action, and that a seminar would be held for Members in September to cover this topic. Risk reference 530 (relating to industrial action) was proposed to be added to the Strategic Risk Register.
- 22/26.7 Members agreed that risk reference 413 relating to the coronavirus pandemic be reduced to departmental level and that risk reference 529 relating to the sustainability of operational training provision be added to the Strategic Risk Register.
- 22/26.8 **RESOLVED:**
1. **Members reviewed and noted the strategic risks and mitigations, as set out in Appendix A of the report.**
 2. **That the removal of risk 413 from the strategic risk register be approved.**
 3. **That the inclusion of two risks on the strategic risk register namely: 'Sustainability of operational training provision' and 'Reduction of frontline services due to the loss of staff arising from industrial action' be approved.**

22/27 Date of Next Meeting

- 22/27.1 The Chair confirmed the date of the next Finance & Audit Committee meeting as 14 September 2022.

Meeting ended at 12:25 hours.

Signed: _____

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