



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

DRAFT Minutes of the
Finance and Audit Committee
held at 10:00 hours on Thursday 17 November 2016 at the
Dorset & Wiltshire Fire and Rescue Service Headquarters, Salisbury

These are draft minutes prepared by officers to be approved by the Committee at their next meeting.

Members present: Cllr Abdul Amin; Cllr Les Burden; Cllr Mike Byatt; Cllr Ernie Clark; Cllr Malcolm Davies; Cllr Bob Jones (Chairman); Cllr Trevor Jones; Cllr Graham Payne

Officer attendance: Ms Lisa Pharaoh, Deputy Monitoring Officer & Deputy Clerk; Mr Phil Chow, Director of Finance & Treasurer; Mr Derek James, Director Corporate Services; ACFO Ben Ansell; ACFO Mick Stead; ACFO John Aldridge; ACFO Nigel Shearing (Temporary); Mr Ian Cotter, Head of Financial Services; Mrs Jane Staffiere, Head of Human Resources; Mrs Jill McCrae, Head of Democratic Services and Corporate Assurance; Mrs Vikki Shearing, Head of Information Management and Communications; and Mr John Lincoln, Senior Health & Safety Advisor.

Guests: Mr Darren Gilbert, KPMG; Mr David Long, Gateway Assure.

1 Welcome

1.1 The Chairman opened the meeting and welcomed attendees.

2 Apologies

2.2 Apologies were received from Cllr Colin Jamieson, Cllr Ronald Coatsworth, Cllr Christopher Newbury, Cllr John Haines and CFO Darran Gunter.

3 Code of Conduct, Declarations of Interest and Notifications of Any Other Business

3.1 The Chairman asked the meeting for any disclosures of pecuniary interests under the localism act.

3.2 There were none.

NOT PROTECTIVELY MARKED

4 **Minutes of the Dorset & Wiltshire Finance & Audit Committee meeting on 21 September 2016**

4.1 The Chairman asked Members to review and approve the minutes from the last meeting.

4.2 An amendment was requested to item 14.2 which should substitute Cllr Spencer Flower, instead of Cllr Jones. The Head of Democratic Services & Corporate Assurance, Mrs Jill McCrae, confirmed that this amendment had already been made.

4.3 Members confirmed their approval of minutes subject to the amendment mentioned at 4.2 above.

4.4 **Resolved: Members approved the minutes of the meeting on 21 September 2016 as amended.**

5 **Internal Audit Report (Sept-Nov)**

5.1 The Chairman welcomed Mr David Long from Gateway Assure to the meeting.

5.2 Mr Long gave apologies on the behalf of Robin Pritchard, Engagement Director, Gateway Assure, for his absence from the meeting. Mr Long took Members through the internal audit report and results of each audit, highlighting that there were no significant concerns to address.

5.3 Mr Long recommended that the systems migration plan be reviewed in 2017/18 noting the on-going programmes of work, which is currently progressing well and with substantial assurance from Gateway.

5.4 Mr Long took Members through the appendices to the internal audit report.

5.5 Members requested that the report title and wording on the Gateway Assure report should be changed to 'Dorset & Wiltshire Fire and Rescue Authority Internal Audit Report for the Dorset & Wiltshire Fire and Rescue Service'.

5.6 Member's also requested that the key on page 15 (of 16) of the internal audit report is placed at the beginning of the report and in a larger font.

5.7 Members discussed the integration of the two HR systems. Members requested for an update on the progression of this to be reported at the next meeting in March 2017.

5.8 **Action: Mr David Long, Gateway Assure, to amend the title of the internal audit report to 'Dorset & Wiltshire Fire and Rescue Authority Internal Audit Report for the Dorset & Wiltshire Fire and Rescue Service' in time for the next Finance & Audit meeting on 22 March 2017.**

5.9 **Action: Mr David Long, Gateway Assure, to place the report key at the**

NOT PROTECTIVELY MARKED

beginning of the internal audit report for any subsequent reports.

- 5.10 **Action: Democratic Services Officer to include 'update on HR systems integration' as an agenda item for the next Finance & Audit meeting on the 22 March 2017**

6 Internal Audit Progress Report (Sept-Nov)

- 6.1 Mrs Jill McCrae, Head of Democratic Services and Corporate Assurance, took Members through the Internal Audit Progress report and appendix in which provided an update on the improvement activities following the Quarter 1 & Quarter 2 audits, noting that all activities were on track with no significant issues or risks to address.
- 6.2 Member's asked for assurance regarding the level of vacancies and the status of assets and equipment.
- 6.3 Mr Derek James, Director of Corporate Services, reported that there are currently 12 vacancies, which is significantly less than previously reported, noting that some of these vacancies are awaiting final personnel and security checks before appointing applicants.
- 6.4 Mr Aldridge advised that there were some previous concerns in relation the Assets department regarding the timescales for transitioning to a single system and highlighted that a project plan is expected to be in place in January 2017 with additional resources secured to support this work.
- 6.5 **Resolved: Members reviewed and noted the progress and agreed improvement activities.**

7 External Audit, Annual Audit Letters and Audit Plan

- 7.1 Mr Darren Gilbert, Director, KPMG took Members through the paper and annual audit letters for Wiltshire and Swindon Fire Authority and Dorset Fire Authority. Members noted the recommendations within both letters.
- 7.2 Mr Gilbert took the meeting through the External Audit Plan for 2017/18 providing an outline of requirements and key audit risks. He highlighted the review on property valuation.
- 7.3 Member's queried how asset valuation is addressed and Mr Gilbert advised that the Audit looks at reasonableness and benchmarks against a range of questions. He added that upward valuations depend on what has happened previously.
- 7.4 Members noted the plan and its recommendations.
- 7.5 **Resolved: Members reviewed and noted the recommendation in the Audit**

NOT PROTECTIVELY MARKED

letters for the former Dorset Fire Authority and the former Wiltshire and Swindon Fire Authority.

7.6 **Resolved: Members noted the Dorset & Wiltshire Fire and Rescue Authority's External Audit Plan 2017**

8 **2nd Quarter Financial Report**

8.1 Mr Ian Cotter, Head of Finance, took Members through the 2nd Quarter Financial report. He highlighted that whole time staffing resources had benefitted by a recruitment of more fire fighters and fire fighter apprentices and provided an overview of the whole time establishment. He went on to advise that in October, 6 apprentices were recruited and added that the Service are still looking at recruitment and retention of retained duty.

8.2 Mr Cotter drew Members attention to the property rental costs at item 2.2.2 of the report, adding that these costs had not featured in original budget as they came from the Combination Grant.

8.3 He advised that the reserves and balances in Section 3 of the report included earmarked reserves and future strategies and suggested the replacement of fire fighter helmets. Members were asked to bring forward plans to purchase the helmets and consider using the under spending to cover this cost.

8.4 Members discussed their views on this. Members were advised by Officers that at some stage in the near future procuring operational equipment and uniforms would be aligned to gain best value and to support migration to a new Service. Members were concerned about the uplift in cost if they delayed this procurement. A Member suggested that from a health and safety, and staff welfare aspect, it would be beneficial to fire-fighters to upgrade to new helmets now. Members also considered that common badging across the whole service would have a positive impact and would help with cultural awareness.

8.5 Members considered the drawing up of a paper for the Authority to consider at its next meeting. ACFO Ben Ansell confirmed that he would like to undertake the procurement in this financial year and the Treasurer, Mr Phil Chow, suggested that this could be part of the paper to revise the capital programme which will go to the next Fire Authority meeting on 15 December 2016.

8.6 In item 2.13 extra expenditure for the Service Control Centre is highlighted, this is primarily due to migrating two former controls into a single entity. Staffing levels have not been reduced to support the move to the new system. Members wondered if the Service could pursue recovery for some of the cost which was due to system failure. It was agreed that ACFO John Aldridge should investigate this in order to potentially recover some costs.

NOT PROTECTIVELY MARKED

- 8.7 Members were also updated on property leases and sales.
- 8.8 Members questioned the level of future capital programme. Mr Chow explained that all the financial plans included borrowing in relation to these capital programmes. Mr Chow outlined how the capital programme impacts on the revenue costs and budget. Members would like to see financial consequences of purchasing vehicles and the borrowing involved. The Treasurer confirmed this is part of the approval process of the capital programme to be considered by the Full Authority at its meeting on 9 February 2017.
- 8.9 Members asked if the transformation grant was not used, would it have to be returned. The Treasurer advised that grants are awarded with some subject to conditions, and dependent on the conditions, it may be the case that grant return would be required. Generally speaking, the Treasurer explained that any remaining unspent grant would be transferred to general balances and reserves. Regarding the transformation grant, the Department for Communities and Local Government (DCLG) is aware of the current grant balances and that this relates to the Safety Centre. However, there is a risk that the grant funding will need to be returned if the Safety Centre does not go ahead. Members were reassured that procurement process is progressing for the Safety Centre and the Invitation to Tender (ITT) is expected to be out in January.
- 8.10 Members discussed fire station community rooms. There was thought that the Service should be charging for this as Local Authorities do for theirs. Members wondered if there should be a review of the policy of use at no charge to large public bodies who are likely to charge us for use of their spaces. Members recommended that a paper and draft policy is prepared, by Officers, on the use of premises to be taken to the Policy & Resources Committee for consideration and approval by the Authority in due course, however they acknowledged that this has a low priority.
- 8.11 The Deputy Monitoring Officer & Deputy Clerk, Ms Lisa Pharaoh, advised Members that the Committee should amend the recommendation as to the decision about the replacement of fire helmets, and the consequential expenditure, should be considered and made as appropriate by the Full Authority.
- 8.12 The following amendments to the recommendations were suggested to give effect to the above advice.
- 8.13 **Action: ACFO John Aldridge to investigate the possibilities of recovering costs related to system failures at the Service Control Centre.**
- 8.14 **Action: ACFO John Aldridge to provide a paper on the use of premises to be prepared for consideration at the Policy & Resources committee for consideration and approval by the Authority in due course.**
- 8.15 **Resolved: Members noted and commented upon the current financial position.**

NOT PROTECTIVELY MARKED

8.16 **Resolved: Members proposed and seconded the amended recommendation that this item is taken to the full Fire Authority meeting on 15 December 2016 to be included in the revised capital program.**

9 Review mid-year Treasury Management Report

9.1 Mr Cotter took Members through the paper, highlighting borrowing, receipts and the capital programme and advised that the Service was significantly under-borrowed. He noted that this item will be brought back to Members in due course as the Service has sought professional advice.

9.2 Significant levels of cash-flow has meant that the Service has not borrowed for a number of years to finance its capital programme. This is because interest on borrowing costs are significantly more than interest paid on investing surplus cash and balances.

9.3 Members will be briefed more on this when considering the Medium Term Treasury Finance Plan.

9.4 Members asked if the Service invests in fixed rates. Mr Chow advised that borrowing on fixed rates is undertaken in order to limit exposure to interest rate fluctuations; and that the Service may on occasion have to borrow for cash-flow purposes. The Service needs to closely match borrowings to the life span of assets, purchases and loan maturity.

9.5 **Resolved: Members noted the updated Treasury Management report.**

10 2nd Quarter Performance Report

10.1 Mr Derek James, Head of Corporate Services led on the report outlining its content. Mr James asked for each relevant Officer to take Members through each of their KLOEs.

10.2 ***KLOE: Are Opportunities for internal control and improvement being adequately identified and managed?***

10.2.1 Mrs McCrae, Head of Democratic Services and Corporate Assurance, advised Members that there was a good level of internal control and highlighted that audits 1-3 had been completed with no significant areas of concerns. She advised that the quarter 4 audits are programmed for December and will be reported to Finance and Audit in March 2017.

10.2.2 Members queried staff performance and development reviews and Mr James advised that there would be a new performance and development review system and process implemented 2017.

10.2.3 Members suggested that Auditors are asked to carry out a review before rolling

NOT PROTECTIVELY MARKED

out new appraisal system.

10.3 ***KLOE: How are we providing effective health and wellbeing support to our staff?***

10.3.1 Mrs Jane Staffiere, Head of Human Resources, outlined the absence management performance information and advised that short term and long term management of absence is being adequately managed. She confirmed that two systems are still in use and that work continues to bring these together along with the ability to extract consistent data. Mrs Staffiere said that the next quarter performance report will include sickness data that was now better understood and able to be publically reported.

10.3.2 Members asked about fitness equipment roll out and consideration of locations at each Fire Station. Mrs Staffiere explained the size, location and type of fitness equipment has been aligned for each station. She confirmed that meetings are on-going about finer details on equipment and property and offered to discuss this outside the meeting with interested Members.

10.4 ***KLOE: How are we ensuring compliance with relevant health and safety legislation?***

10.4.1 Mr John Lincoln, Senior Health & Safety advisor, advised that standards are being maintained and are moving forward. Mr Lincoln noted that work is underway for single adverse effect reporting as are statements of assurance and convergence work to achieve compliance with British Standards institute (BSI) standard. Mr Lincoln confirmed that performance reports are still provided on quarterly basis to both previous FA regions and that Auditors have given substantial assurance on the overall management arrangements associated with health and safety including the convergence programme.

10.5 ***KLOE: How are we ensuring that we are compliant with relevant information management legislation?***

10.5.1 Mrs Vikki Shearing, Head of Information Management and Communications, advised that a procedure is in place to ensure that 100% Freedom of Information (FOI) request response time of 20 days are met. She advised that most FOI are from individual email addresses; 8 from journalist or companies and 1 from an individual. Mrs Shearing advised that she was confident that cyber security risk is monitored and that controls are in place and maintained. She went on to note that the Service has received 15 complaints in the past quarter and highlighted that 2 of these complaints were responded to outside of the required timeframe but provided assurance that processes are in place to ensure that this does not happen in future.

10.6 **Resolved: Members noted and approved the 2nd quarter performance report**

11 **Strategic Risk Register**

NOT PROTECTIVELY MARKED

- 11.1 Mrs McCrae, Head of Democratic Services and Corporate Assurance, took Members through the Strategic Risk Register paper and outlined the changes since the previous Finance & Audit Committee in September. She advised that risk 3 (Failure to retain and attract key corporate staff with appropriate skills and experience) and risk 20 (Inability to achieve operational licencing due to the loss of a fire behaviour training facility) had now been reduced due to the progress of risk mitigations and confirmed that these were now being managed at department level.
- 11.2 Mrs McCrae introduced each risk owner to the meeting and asked them to provide the meeting with an update on the progress of each risk;
- 11.3 ACFO John Aldridge took Members through Risk 63 – Lack of Stability of the Capita Version 4 Command and Control System. The ACFO advised that the system was more stable and staff were reporting that they were more comfortable with it. The ACFO highlighted that progress is reported weekly to Members and that the CFOs meet with Capita on monthly basis, adding that teams met on a weekly basis. The ACFO went on to confirm that no major failures had taken place and that issues are being eliminated through the management process that had been established.
- 11.4 Members asked about the health and welfare of Service Control Centre Staff and the ACFO outlined the on-going meetings with staff, which included the Authority Chairman and Cllr Joe Tray. He went on to say that staff get a copy of the weekly update sent to Members to include them in decision making. A further meeting of staff, Capita and senior managers is planned for 28 November.
- 11.5 ACFO Mick Stead took Members through Risk 01: Failure to secure a one team approach. He advised Members that the Temporary Director of People Services had now left the Service and that he now had responsibility for HR until the Director of People Services returned from maternity leave. The ACFO outlined the staff communication strategy in place along with the visits and weekly updates. The ACFO went on to say that the governance arrangements will be reviewed as needed and that he hopes to have a more substantial report at the next meeting.
- 11.6 Members raised concerns regarding the differences in salary schemes across the retained duty system (RDS) staff, which could impact on the one team effect. ACFO Stead said they are looking at this through Integrated Risk Management Programme (IRMP).
- 11.7 ACFO Mick Stead took Members through Risk 04: Failure of workforce and succession planning arrangements to meet the future needs of the service. He highlighted that controls have been successful and noted that the development of key pieces of work, which are linked to the transformation, have shown improvement over recent months. He went on to say that the Service is still awaiting the Government's response about the 'Apprenticeship Levy' advising that so far there has been insufficient information which means there are more questions than answers.

NOT PROTECTIVELY MARKED

- 11.8 Mr Phil Chow took Members through Risk 6: Failure to secure financial sustainability. He noted that this risk has not changed and that the Service is waiting for DCLG and the Autumn Statement. Mr Chow confirmed that he expects this risk to remain for some time.
- 11.9 Temporary ACFO Nigel Shearing took Members through Risk 09, Failure to have a robust and financially sustainable retained duty system (RDS) to meet the needs of the Service. The ACFO advised that currently there are more RDS leavers than joiners with the most common reasons for leaving being work relocation and commitments. He went on to advise that the Service is currently looking at pay models for the future.
- 11.10 Members requested a time frame for this work and ACFO Shearing indicated that a report will go to the next Policy & Resources committee regarding the pay modelling to the existing pilot and to form proposals & predictions to move to a salary scheme.
- 11.11 Members were also interested in the national picture for RDS, citing the recent Government reports. ACFO Shearing advised that the Service is working with the Chief Fire Officers Association (CFOA) working group on this. ACFO Ansell also provided an overview of what these groups have been looking at nationally.
- 11.12 Members confirmed that they were happy with the progression of work for the strategic risks and the proposed mitigations..
- 11.13 **Resolved: Members agreed the strategic risks and proposed mitigations.**

12 Date of Next Meeting

- 12.1 The Chairman confirmed with Members the date of the next Finance and Audit meeting as 22 March 2017 at Five Rivers Health & Wellbeing Centre, Hulse Road, Salisbury.

Signed: _____