



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

**DRAFT Minutes of the
Finance & Governance Committee
held at 11:00 hours on Wednesday 24 July 2019 at the
Dorset & Wiltshire Fire and Rescue Service Headquarters, Salisbury**

These are draft minutes to be approved by the Finance & Governance Committee at their next meeting.

Members present: Cllr Bob Jones (Chairman), Cllr Brian Mattock (Vice Chair), Cllr Abdul Amin, Cllr Richard Biggs, Cllr Paul Hilliard, Cllr Peter Hutton, Cllr Pip Ridout, Cllr Ann Stribley, Cllr Steve Baron (observing), Cllr Knox (observing)

Officer attendance: Chief Fire Officer, Ben Ansell; Head of Financial Services & Treasurer, Mr Ian Cotter; Clerk & Monitoring Officer, Mr Jonathan Mair; Director of Community Safety, Assistant Chief Fire Officer Jim Mahoney; Director of Service Support, Assistant Chief Fire Officer Byron Standen; Director of People Services, Ms Jenny Long; Head of Strategic Planning & Corporate Assurance, Mrs Jill McCrae; Head of Information and Communications, Mrs Vikki Shearing; Head of Organisational Learning & Development, Area Manager Kathy Collis

Guests: Associate Director, Deloitte LLP, Ms Michelle Hopton; South West Audit Partnership (SWAP) Assistant Director, Ms Moya Moore

19/15 Welcome

19/15.1 The Chairman, Cllr Bob Jones, opened the meeting and welcomed Members, guests and a member of the press.

19/16 Apologies

19/16.1 Apologies were received from Deputy Chief Fire Officer, Derek James.

19/17 Code of Conduct, Declarations of Interest and Notifications of Any Other Business

19/17.1 The Chairman asked the meeting for any disclosures of pecuniary interests under the Localism Act. There were no disclosures.

19/18 Minutes of the Finance & Governance meeting on 7 March 2019

19/18.1 The Chairman asked Members to review and approve the minutes from the last meeting.

19/18.2 Chief Fire Officer (CFO) Ben Ansell drew Members' attention to item number 19/04.3 on page 2 which referred to progress on apprenticeships and confirmed that a progress report was on the agenda for this meeting. He also referred to 19/10.9 on page 6, the Integrated Risk Management Plan principles, which had been approved by the Committee, and confirmed by the Authority at its meeting on 6 June.

19/18.3 The Head of Strategic Planning and Corporate Assurance, Mrs McCrae provided an update on action 19/11.8 'Democratic Services to look for Member Development opportunities and invite Members to attend'. She advised the Committee that LGA events on Inclusion and Diversity, and Leadership Essentials had been offered to Members, and that some opportunities provided by South West Audit Partnership (SWAP) would soon be available. She also confirmed that Member Development would continue to be embedded as business as usual.

19/18.4 **RESOLVED: that the minutes be confirmed without amendment; and signed by the Chairman as a correct record.**

19/19 Annual Financial External Audit report (ISA 260)

19/19.1 Deloitte Associate Director, Ms Michelle Hopton introduced the paper which provided Members with a summary of the key audit findings from the external audit of the Dorset & Wiltshire Fire and Rescue Authority (the Authority) 2018-19 financial statements, as at 15 July 2019. She explained that the report had been written prior to the completion of the audit, and the Auditors were looking to issue an 'clean unmodified' audit opinion. The Chairman confirmed to Members that an unmodified opinion has the same meaning as an unqualified opinion.

19/19.2 Ms Hopton informed Members that materiality had changed slightly from the audit plan, now being based on 2018-19 outturn figures. She then summarised the main areas of risk in audit testing which were; property valuations, completeness and cut off of expenditure, and management override of controls. She explained that the property valuations had been subject to independent valuations and specialist external audit checks, and that no issues had been found in the three key areas.

- 19/19.3 Ms Hopton advised Members that a number of assumptions had been made in the calculation of pension liabilities and that a change had been made to the numbers in the unaudited accounts to take into account the recent McCloud judgement. She explained that as the Government had not been granted leave to appeal in the McCloud case that this had impacted on the pension liability figures in the accounts, and that a specialist team of advisers were currently working through the assumptions. She explained that this did not present a significant risk to the Authority, but additional work was required to verify the assumptions used in calculating the revised liability.
- 19/19.4 The Head of Financial Services and Treasurer, Mr Ian Cotter, confirmed that the McCloud issue was a national one impacting across all public sector pension schemes, and was an issue over which the Authority had no influence. Members were advised that it may be 12 months or more before the full implications of the case are known. He explained that the actuaries had estimated the additional liability for the Authority, across the Firefighter and Local Government pension schemes at £9.8m, but that this had been provided for within the accounts. He added that this figure is likely to change once the full impact of the case is known.
- 19/19.5 Ms Hopton reported that she had no comments or issues on the Annual Governance Statement and that it was compliant with the code.
- 19/19.6 Ms Hopton confirmed that the report would be reissued with the final findings and conclusions.
- 19/19.7 **RESOLVED: Members reviewed the audit findings and noted the recommendations in the report.**
- 19/19.8 **ACTION: Deloitte to reissue the Annual Financial External Audit report (ISA 260) with the final findings and conclusions.**
- 19/20 Statement of Accounts, Annual Governance Statement and Outturn Financial Performance 2018-19**
- 19/20.1 Mr Cotter reminded Members that the Accounts and Audit (England) Regulations 2015 required that the Annual Statement of Accounts be approved by the Authority by 31 July each year. Paper copies of the Statement of Accounts with the updated pension liability figures were handed to Members.
- 19/20.2 Mr Cotter took Members through the key headlines. He explained that the accounts for 2018-19 were showing a £466k underspend against the budget that Members had approved for the year.
- 19/20.3 In answer to a question from a Member, Mr Cotter explained how disposal of assets were handled in the accounts. He advised that small gains would be classified as general income with an accounting adjustment, however larger valued assets are treated as capital receipts, to be held as reserves and

could only be used to finance future capital expenditure. He confirmed that there was a clear audit trail for these transactions. CFO Ansell also assured the Committee that controls were in place to ensure that disposals of assets were handled correctly.

- 19/20.4 Mr Cotter went on to explain the difference between the usable and unusable reserves detailed on page 44, and CFO Ansell pointed out that the Authority was not holding significant usable reserves.
- 19/20.5 Mr Cotter pointed out that a net decrease in cash of just over £2m reflected the fact that the Authority had not taken out any new borrowing but had used cash to fund the capital programme during the year.
- 19/20.6 Mr Cotter confirmed that there are controls in place to chase outstanding debtors and that the increase in the end of year balance related to the timing and nature of what had been billed, and that this was not an area of concern.
- 19/20.7 Following a question from a Member and for the benefit of new Members, CFO Ansell confirmed that the Authority's expenditure in relation to the two nerve agent incidents which took place in 2017-18 (Salisbury) and 2018-19 (Amesbury) had not, individually, met the threshold for Government Bellwin funding which provides emergency financial assistance to reimburse local authorities for costs incurred when responding under the Civil Contingencies Act. This was compounded by the fact that these two events, and their costs, had to be considered separately, as they occurred in separate financial years.
- 19/20.8 Mr Cotter explained the Annual Governance Statement in Appendix B and provided background to the requirement and its compliance to the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives and Senior Managers (SOLACE) guidance and the Authority's Corporate Governance Policy. He added that this document sits alongside the Authority's planning, performance and risk arrangements.
- 19/20.9 Mr Cotter confirmed to Members that the detail relating to the revenue budget, reserves and capital budget was attached in appendices C to E. He informed Members that the Home Office had approved the use of the remaining Transformation Grant (listed in the unused grants in Appendix C) for a programme of work, and that £742k had been spent during the year.
- 19.20.10 Mr Cotter referred Members to the Capital Budget Summary in Appendix D and explained that just over £6m had been spent during the year, variances being outlined in the appendix. He pointed to the recommendation in the paper for a carry forward of £1.896m for capital projects not completed in 2018-19.

- 19/20.11 CFO Ansell confirmed to Members that firefighting equipment was being standardised across the Service and that the recent investment of new fire kit was a key part of this. The fire kit was displayed at the front of the meeting room. Members were assured that this investment would also contribute to the cultural harmonisation of firefighters across the Service and further strengthen the front-line delivery of community safety.
- 19/20.12 **RESOLVED: Members approved the Statement of Accounts 2018-19 subject to final audit confirmation and delegated the signing to the Chairman of the Finance & Governance Committee in consultation with the Treasurer.**
- 19/20.13 **RESOLVED: Members approved the Annual Governance Statement.**
- 19/20.14 **RESOLVED: Members approved the carry forward of £1.896m for capital projects not completed in 2018-19.**
- 19/21 Internal Audit Quarterly Report**
- 19/21.1 South West Audit Partnership (SWAP) Associate Director, Ms Moore, presented the report. She advised Members that during Quarter 1, two audits had been carried out covering payroll and planned & reactive maintenance.
- 19/21.2 Ms Moore outlined the opinions and the scope of the controls tested for both audits and confirmed to Members that there were no significant concerns.
- 19/21.3 In answer to a question from Members, Director of People Services, Ms Long confirmed to Members that spot checks could be included into the controls on the e-claims system.
- 19/21.4 CFO Ansell referred to pages 13-14 of the Appendix A, 2019–20 Audit Plan and Performance, and advised that it was important to him to ensure there were links between this and to Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services’ (HMICFRS) pillars of efficiency, effectiveness and people and the Authority’s priorities to ensure this was a joined-up assurance process.
- 19/21.5 **RESOLVED: Members considered the findings of the audits and approved the management responses.**
- 19/22 Internal Audit Progress Report**
- 19/22.1 The Head of Strategic Planning & Corporate Assurance, Mrs McCrae, introduced the report which provided Members with an update on the progress of work against the outstanding internal audit recommended improvements.

- 19/22.2 Mrs McCrae advised that the Service continued to positively progress the audit improvements with the progress continually being monitored by Directors within their Delivery Team meetings.
- 19/22.3 Mrs McCrae added that there were minor delays reported to the delivery of two improvement activities, details of which were provided in the Audit Improvement Plan Activities report, Appendix A. She advised that there would be a further progress report in September.
- 19/22.4 **RESOLVED: Members reviewed and approved the progress made.**
- 19/23 Performance Report Q4 - 1 January 2019 to 31 March 2019**
- 19/23.1 The Head of Strategic Planning & Corporate Assurance, Mrs McCrae, advised Members that this paper sets out the performance of the Service against Priorities 4 and 5 with the relevant key lines of enquiry (KLOE) in the Service Delivery Plan, covering the period 1 January 2019 to 31 March 2019.
- 19/23.2 Mrs McCrae added that there were no new significant issues to raise with Members and good progress was being made.
- 19/23.3 Members were given a verbal update from each Key Line of Enquiry (KLOE) owner.
- 19/23.4 **RESOLVED: Members scrutinised and noted the Performance Report Quarter 4 (Appendix A).**
- 19/24 Strategic Risk Register**
- 19/24.1 The Head of Strategic Planning & Corporate Assurance, Mrs McCrae advised Members that this paper provided the latest position of the Strategic Risk Register and associated controls.
- 19/24.2 She reported positive progress made against all strategic risks. In particular highlighting risk 232 '*Failure to transform our workforce to meet the future needs of the Service*'; where sufficient progress had been made to recommend its removal from the Strategic Risk Register.
- 19/24.3 Members discussed the report and enquired about risk 006, which referred to financial sustainability, noting that it had been 'moving in the same direction' for a period of time.
- 19/24.4 CFO Ansell confirmed that this was an item that would remain in progress for a period of time and was subject to national decisions about funding. He added that the risk mitigations depended on these outcomes and reflected a national picture for fire and rescue services.

- 19/24.5 Mr Cotter advised that a three-year settlement would be helpful in resolving this, however he cautioned that the risk may remain on the register for some time due to uncertainty around funding, but he assured Members that Officers were doing as much as they could to put the Authority in the best possible position. CFO Ansell reminded Members of their agreement to lobby for greater flexibility over council tax funding. He added that there was a broad consensus within the sector to seek the freedom and flexibility for a £5 per head 'de minimis' increase of Band D fire precept.
- 19/24.6 **RESOLVED: Members reviewed the strategic risks and mitigations set out in Appendix A.**
- 19/24.7 **RESOLVED: Members approved the removal of risk 232 '*Failure to transform our workforce to meet the future needs of the Service*' from the Strategic Risk Register.**
- 19/25 Apprenticeships progress update**
- 19/25.1 Area Manager (AM) Kathy Collis, introduced the report which provided Members with an update on the progress which the Service was making with apprenticeships. She informed Members that the Service had completed the registration process to provide accredited training and had received confirmation of approval.
- 19/25.2 AM Collis advised Members that the Service now has a wholetime firefighter apprentice and would be recruiting for Fire Control staff on the Emergency Control Handler Apprenticeship Scheme later this year. She advised that the Service now had three other apprenticeships in place; two corporate members of staff undertaking project management programmes, and a uniformed member of staff undertaking a Master of Business Administration (MBA) in Project Management. She added that in September 2019, one corporate member of staff will commence a Level 2 Finance apprenticeship and another a Level 3 Human Resource apprenticeship.
- 19/25.3 AM Collis advised Members that whilst challenges exist and delays had occurred, the Service was making good progress in setting in place an appropriate apprenticeship infrastructure.
- 19/25.4 AM Collis added that the Service continued to learn from other fire and rescue services and was seeking out opportunities to collaborate with partners.
- 19/25.5 CFO Ansell provided some insight into challenges surrounding recruiting and retaining apprentices and the ongoing work with the National Fire Chiefs Council.
- 19/25.6 **RESOLVED: Members noted the contents of the report.**

19/26 Date of Next Meeting

- 19/26.1 The Chairman confirmed the date of the next Finance & Governance Committee meeting as Thursday 19 September 2019 at Dorset & Wiltshire Fire and Rescue Service Headquarters, Five Rivers Health and Wellbeing Centre, Hulse Rd, Salisbury SP1 3NR, from 11am.

- 19/26.2 The Chairman asked Members to provide him with feedback via a survey to be circulated by Democratic Services about the Members' Seminar, 'an introduction to internal audit', which had taken place before this meeting.

The meeting closed at: 12:50

Signed: _____