



Minutes of the Finance & Audit Committee held at 10:00 hours on 28 July 2021 at Dorset & Wiltshire Fire and Rescue Service, South Area Offices, Poundbury, Dorchester.

Members present:

Cllr Byron Quayle (Chair)	Cllr Pip Ridout (Vice Chair)
Cllr Pete Barrow	Cllr Richard Biggs
Cllr Malcolm Davies	Cllr Paul Hilliard
Cllr Kelvin Nash	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), Andy Cole
Director of Service Support, Assistant Chief Fire Officer (ACFO), Byron Standen
Head of Corporate Support, Vikki Shearing
Democratic Services Manager, Gemma Kelly

Guests:

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

21/16 Welcome

21/16.1 The Chair opened the meeting and welcomed attendees.

21/17 Apologies

21/17.1 No apologies were received at this meeting.

21/18 Code of Conduct, Declarations of Interest and notifications of any other business

21/18.1 The Chair asked the Members for any disclosures of pecuniary interests under the Localism Act. There were no disclosures.

21/19 Public Questions

21/19.1 No public questions were received in advance of the meeting.

21/20 Review and approve Minutes of the Finance & Audit Committee meeting on 3 March 2021

21/20.1 The Chair asked Members to review and approve the minutes from the last meeting. There were no actions arising and no matters arising that were not on the meeting agenda.

21/20.2 **RESOLVED: that the minutes be confirmed without amendment and signed by the Chair as a correct record.**

21/21 Annual Financial External Audit – verbal update

21/21.1 Michelle Hopton (Deloitte LLP) reported the external audit work is on track and there is nothing to highlight to Members from the work carried out so far. The timetable and deadline for completing the external audit and providing the ISA260 report for the next committee are also on track.

21/21.2 Cllr Paul Hilliard queried whether any changes are expected in the accounting regulations over the coming year. Michelle Hopton confirmed there are no changes expected this year.

21/21.3 **RESOLVED: Members received and noted the update.**

21/22 Draft Statement of Accounts, Annual Governance Statement and Financial Outturn Report (2020-21)

21/22.1 Ian Cotter, Treasurer, made a presentation to Members to provide context to the report and its appendices. Ian Cotter advised there are two recommendations, the first being to note and comment on the Draft Statement of Accounts including the Annual Governance Statement. The second recommendation is for members to consider approval of the carry forward of £3.2m for capital projects which were not completed in 2020-21.

21/22.2 Ian Cotter talked through the slides including the Expenditure and Funding Analysis, showing a £1.9m net variation for 2020-21 and £6.6m net transfer to reserves. Capital financing costs are down by £356k and the saving will reduce future borrowing needs.

21/22.3 With regard to pensions accounting entries, there is a variation year on year as a result of pensions related actuarial adjustments, resulting in an accounting deficit of £155.1m for 2020-21 compared with a £58.2 surplus in 2019-20.

- 21/22.4 Ian Cotter updated that in regard to the usable reserves, there has been an overall increase of £6.6m. The general balance was now £2.84m (5% of the revenue budget) in line with the Reserves Strategy.
- 21/22.5 Grant reserves had increased by £4.8m including £2.6m to offset business rates and council tax funding reductions in 2021-22. Further funding had been received from the Home Office totalling £865k and £846k is held in regional funding for the Emergency Services Mobile Communications Programme (ESMCP).
- 21/22.6 Cllr Hilliard queried if designated grant money needs to be used for a specific purpose and if these funds will be lost if not spent. Ian Cotter confirmed that the Covid grant is not restricted. CFO Ben Ansell confirmed that some ESMCP funding sits with the Service but is held on behalf of the region and some ESMCP funding is held to meet Service specific costs.
- 21/22.7 In relation to the holding of regional funds, Cllr Ann Stribley asked what would happen to these funds if they were not spent by the region. Ian Cotter confirmed that from a financial perspective this is more likely to be restricted funds and any unspent funds would need to be returned. ACFO Byron Standen confirmed this point.
- 21/22.8 Cllr Richard Biggs queried if there was a potential liability in terms of the McCloud / Sargeant judgement and 'injury to feelings' claims. Ian Cotter confirmed this was difficult to assess as we do not yet know the outcome of the legal case and cannot assess the costs. Cllr Biggs further queried whether insurance claims are included in provisions. Ian Cotter confirmed there is a sum of money allocated to outstanding claims and this is adjusted each year.
- 21/22.9 Ian Cotter explained that the balance sheet shows the assets and liabilities of the Authority and is split in to two halves, the top half is net assets which is balanced by reserves (both usable and unusable).
- 21/22.10 Ian Cotter talked through the headlines from the balance sheet noting the main long term debtor is the lease of the Five Rivers headquarters building. Borrowing has decreased and the Authority is now under-borrowed by £13.5m compared to £9.7m last year.
- 21/22.11 Cllr Pip Ridout discussed the balance sheet and the increase in pensions liability by £158.1m, asking whether that was likely to change following the audit. Ian Cotter confirmed that the actuarial assessments are looked at closely as part of the audit completed by Deloitte LLP. Michelle Hopton confirmed that Deloitte LLP have their own actuarial experts who are engaged as part of the audit and review the work of the authority's actuaries.
- 21/22.12 In relation to the Annual Governance Statement, Ian Cotter confirmed that this is prepared against the CIPFA / SOLACE framework and linked to the Corporate Governance Policy and noted the five strategic risks based on the current risk register.

21/22.13 Cllr Pete Barrow asked why elements of the capital program had been postponed. ACFO Standen confirmed that the Service is on track with capital projects and vehicles are being replaced on a regular basis and the estates plan is in place. CFO Ansell noted the fleet is good and proven and whilst there are some older vehicles there are issues in replacing these due to cost. Cllr Barrow expressed concern for these replacements to not be left too long. CFO Ansell confirmed the vehicle preparation centre is effective in ensuring the efficient roll out of new vehicles. The approach being taken by the Service is successful and is being replicated by other fire services. ACFO Standen confirmed there has been an increase in cost and delays in obtaining parts since Brexit. This increase has been captured in forecasting.

21/22.14 **RESOLVED: Members noted the Draft Statement of Accounts including the Annual Governance Statement.**

21/22.15 **RESOLVED: Members approved the carry forward of 3.2m for capital projects which were not completed in 20-21.**

21/23 Internal Audit Annual Report and Opinion 2020-21

21/23.1 Dan Newens, from SWAP, presented the report and referred Members to the annual opinion report in appendix A. There are no significant risks identified and Dan Newens noted the good relationship with Dorset & Wiltshire Fire and Rescue Service and assistance from colleagues in compiling this audit programme. CFO Ansell noted this good relationship and positive comments by Dan Newens. Cllr Ridout noted the improvement and was pleased to see this.

21/23.2 **RESOLVED: Members considered and noted the findings of the Internal Audit Report and Opinion 2020-21.**

21/24 Internal Audit Quarterly Report Quarter 1

21/24.1 Dan Newens talked through the Internal Audit report for quarter 1 noting the two workstreams being operational obsolescence and pensions administration. The pensions administration audit encompassed two priorities as referred to in Appendix A covering pensions administration and a review of employer contributions.

21/24.2 Dan Newens noted that an 'Adequate' assurance rating had been provided for both audits, with five recommendations on the Operational Obsolescence audit and four recommendations against Pensions Administration. Both audits had many areas of good practice and these were noted on pages 6 and 12 of Appendix A.

21/24.3 Cllr Stribley commented the papers illustrate how well the financial team are looking after the finances and the confidence this provides to members. Cllr Stribley noted her thanks to everyone involved in this work.

21/24.4 **RESOLVED: Members considered the findings of the audits and approved the management responses.**

21/25 Internal Audit Progress Report

21/25.1 DCFO Derek James presented the report and explained to Members there are two outstanding recommendations which are on track for completion. Both recommendations are priority three (low) recommendations with target dates set for the end of September and end of December respectively. DCFO James concluded the risk to the Authority continues to be well managed.

21/25.2 **RESOLVED: Members reviewed and approved the progress made.**

21/26 Performance Report Quarter 4

21/26.1 DCFO Derek James introduced the report, noting that it is set out against the Service Key Lines of Enquiry (KLOE) which are matched against HMICFRS requirements and all performance arrangements are aligned to this structure.

21/26.2 With regards to KLOE 6 of annex A in relation to using resources to manage risk he advised Members that business continuity plans have been maintained through the pandemic and have proven robust. The report updated Members on a number of joint procurements which have taken place through the Network Fire Services Partnership (NFSP) for a number of Emergency Services Network (ESN) projects There have been some delays in purchasing due to many suppliers and contractors being furloughed through the pandemic. This was a national issue experienced across many sectors. In terms of asset management plans, ten of 19 fire appliances have been bought in and the Service is on track to complete the remainder before the end of the calendar year, with another six vehicles coming in next year. An inspection by the British Standards Institution has taken place against the ISO 55001 asset management standard and the Service will be seeking full accreditation in this regard in 2022.

21/26.3 The Service is investing in LED lighting which will assist in reducing our carbon footprint and ICT continues to be robust and the recently upgraded wireless access is working well across the Service.

21/26.4 Ian Cotter provided a summary in relation to KLOE 7 on page 7 of the Appendix. The fire sector bid for the 2021 Spending Review is to go to the Home Office imminently and this will be worked on over the coming weeks. It is expected that this will conclude in the autumn.

21/26.5 Cllr Stribley noted the point by Ian Cotter that finances are an area with the greatest potential to restrict the Authority's operating environment. A council tax increase is very much needed, and the Authority needs to apply pressure in this regard now and Cllr Stribley asked what members can do to help.

- 21/26.6 CFO Ansell thanked Cllr Stribley for raising this important point and the position and support of the Authority members in this regard. CFO Ansell reported that he had queried funding with the Fire Minister, Lord Greenhalgh, as well as Sir Tom Winsor (the Chief Inspector for HMICFRS), at a recent seminar. The inspectorate appeared to be in broad agreement with the need for more sustainable and longer-term funding for fire and rescue authorities and the Minister also appeared to voice his broad support for increases in council tax precept, where there was a local need. CFO Ansell further updated with regards to an earlier meeting with Dorset and Wiltshire members of Parliament, where this conversation was well received however further discussion was needed when this request gets to HM Treasury.
- 21/26.7 CFO Ansell confirmed grey book (operational) staff unions had agreed a 1.5% pay award for 2021 and green book (corporate) staff unions have received a 1.75% pay award offer from the national employers which is yet to be accepted. If accepted this will be backdated to April 2021.
- 21/26.8 Cllr Barrow noted that the Dorset PCC is making representations about Dorset Police being underfunded and queried if the Service can join this representation. CFO Ansell responded that this is made complex by the fact that the Service covered two PCC areas.
- 21/26.9 DCFO James talked through KLOE 12, in relation to Health and Safety. The last Service health and safety committee meeting was positively attended by all departments, and as part of accreditation from BSI the auditor carrying out the most recent six-monthly inspection was impressed with the Service and found only one minor non-conformity. The 2020-21 target of a 5% reduction in working days lost to physical injuries and ill health had not been met however long term trends are good and it being the 'science of small numbers'. Some trends had also been skewed by Coronavirus reporting arrangements.
- 21/26.10 Governance arrangements in KLOE 13 are very good and strong in all areas as evidenced by the LGS peer review and the signing off of the improvement plan by Members in February. There is a new code of conduct for elected Members which was subject of the last member seminar in June 2021.
- 21/26.11 The Cyber Essentials accreditation will be applied for in the autumn and when achieved the risk on the strategic risk register will be tabled in December with a recommendation to reduce it to a directorate level.
- 21/26.12 With regard to managing data, Vikki Shearing, Head of Corporate Support noted the Service was in a good position having responded to 80% of Freedom of Information requests within the required timescales. Compliance with data protection was also positive and requests are responded to.
- 21/26.13 Cllr Stribley noted the good response rates but queried the timing of longer responses. Vikki Shearing noted these are all responded to, the delay might be a few days, but all requests are always responded to as close to the deadline as possible. CFO Ansell confirmed that an open dialogue is always maintained with those requesting information.

- 21/26.14 In response to a query about the Members' Buddy Scheme, CFO Ansell confirmed that in the past some locations were getting more Member engagement than others and that Members had taken a decision to allow any Member to visit any workplace with suitable managerial notice so that they can be supported.
- 21/26.15 With regards to skills and training noted in KLOE 9 it is noted that previous issues with introducing this complex competency recording system have now been overcome. This is now being linked to the Service's e-learning system. The Chair asked for a rough percentage of firefighters with driving skills and how these might be affected by self-isolation. ACFO Andy Cole confirmed the number of staff affected by self-isolation is 2%. The number of firefighters with driving skills is 50% plus one of each station, section or watch. This is a minimum standard set by the Service.
- 21/26.16 Vikki Shearing provided an update on fairness and diversity noted in KLOE 10 with regards to feedback. The Service have concentrated on the impact of the Coronavirus pandemic and have utilised Question Time, Teams Talks, videos from the CFO, leadership events as well as other briefings to seek feedback and challenge from across the workforce. This work had been well received by staff.
- 21/26.17 With regards to recruitment, DCFO James updated that the recruitment process for wholetime firefighters is complete and 22 firefighters have completed the course. Community profiling information is being explored with partners to further strengthen future positive attraction campaigns.
- 21/26.18 Cllr Barrow queried when the inspectorate is due. CFO Ansell confirmed we are in tranche three and is expected in spring 2022 for a period of six weeks. CFO Ansell confirmed this is a continual process. A report will not follow immediately, there is a lag between inspection and publication.
- 21/26.19 **RESOLVED: Members reviewed and approved the quarter 4 performance report, as detailed in appendix A.**

21/27 Strategic Risk Register

- 21/27.1 DCFO James took Members through appendix A to the standing quarterly report. Noting the risks as follows:-
- 21/27.2 With regards to Risk 6 in relation to financial sustainability, this risk may change depending on the outcome of the Spending Review.
- 21/27.3 The On-call duty system is referred to under Risk 9, a number of improvements are in place and there are no major changes in this risk to the previous quarter.
- 21/27.4 Risk 301 relates to cyber risk. Arrangements are in place and are good. There is some further work to be done on technical changes and the Cyber Essentials standard should be achieved in the autumn, which will reduce this risk.

- 21/27.5 Risk 412 regarding fire safety is also in a good place and a robust regime is in place. There are no changes to legislation at the moment but the Service is keeping a watching brief on this issue.
- 21/27.6 In relation risk 413, the Service is maintaining current Coronavirus arrangements at this time due to some cautiousness in light of issues with current self-isolation arrangements. The Service is encouraging staff to be responsible out of work. The last few days has seen a reduction in numbers self-isolating, but it was now proposed that the report recommendation be amended to retain, rather than remove, this risk.
- 21/27.7 CFO Ansell noted the Grenfell related risk. The remediation of buildings issue – there is a lot of work ongoing in this regard. The long term changes will require the Service to ensure that it is resourced to deal with these challenges.
- 21/27.8 Cllr Stribley asked if there is anything that can be done to expedite these matters. CFO Ansell confirmed that the focus is on high rise residential buildings with aluminium composite material (ACM) cladding. There are no local authority buildings where we are not making progress. ACFO Cole gave assurance that regular meetings are in place with fire safety teams and with local authority housing teams and he is content that relationships, communication and progress are good.
- 21/27.9 The Chair asked whether it would be prudent to add the forthcoming white paper on fire and rescue service governance to the risk register. CFO Ansell confirmed that the paper may not be received until the Autumn and suggested not adding it to the risk register at this stage.
- 21/27.10 With regards to recommendation 2, Members agreed an amended recommendation to retain risk 413 on the Strategic Risk Register.
- 21/27.11 **RESOLVED: Members reviewed the strategic risks and mitigations set out in appendix A.**
- 21/27.12 **RESOLVED: Members voted by majority to retain risk 413 on the Strategic Risk Register.**
- 21/28 Date of next meeting**
- 21/28.1 The Chair confirmed the date of the next Finance & Audit Committee meeting as 15 September 2021.

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