



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 21/46

**DRAFT Minutes of the Finance & Audit Committee held at 10:00 hours on
Wednesday 15 September 2021 at the Dorset & Wiltshire Fire and Rescue Service
Headquarters, Salisbury**

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

Members present:

Cllr Byron Quayle (Chair)
Cllr Richard Biggs
Cllr Ann Stribley

Cllr Pip Ridout (Vice Chair)
Cllr Paul Hilliard

Others in attendance:

Cllr Steve Baron (observing)

Officer attendance:

Chief Fire Officer (CFO), Ben Ansell
Clerk & Monitoring Officer, Johnathan Mair
Head of Financial Services & Treasurer, Ian Cotter
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
Director of People Services, Jenny Long
Head of Corporate Support, Vikki Shearing
Head of Service Improvement, Jill McCrae
Democratic Services Manager, Gemma Kelly
Democratic Services Officer, Dave Shaw
Executive and Democratic Services Administrator, Steph Howard

Guests:

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

21/29 Welcome

21/29.1 The Chair opened the meeting and welcomed attendees.

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21/30 Apologies

- 21/30.1 Apologies were received from Cllr Pete Barrow, Cllr Malcolm Davies and Cllr Kelvin Nash. It was noted that Cllr Barrow and Cllr Nash were attending a Local Government Association Leadership in Fire course and could not therefore be in attendance.

21/31 Code of Conduct, Declarations of Interest and Notifications of Any Other Business

- 21/31.1 The Chair asked the Members for any disclosures of pecuniary interests under the Localism Act. There were no disclosures.

21/32 Public Questions

- 21/32.1 No public questions were received in advance of the meeting.

21/33 Review and approve Minutes of the Finance & Audit Committee meeting on 28 July 2021

- 21/33.1 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. Arising out of consideration of the minutes, CFO Ansell commented that the action taken in relation to risk 413, referring to maintaining current coronavirus arrangements (minute 21/27.6 refers), had proven to be the correct course of action.
- 21/33.2 **RESOLVED: Members approved the minutes and were signed by the Chair as a correct record.**

21/34 External Audit Report (ISA 260) 2020-21

- 21/34.1 Michelle Hopton and Raahim Memon (Deloitte LLP) introduced the report via MS Teams. It was stated that the audit had gone well and it was expected that an unqualified audit opinion would be provided. Of the significant risks identified in the audit plan, most testing had now been completed. The completeness of accruals and creditors had been tested and found to be substantive; there had been no evidence of management override of control and for pension liabilities the final report of the internal pension specialist was awaited, but no material misstatement of the liabilities was expected.
- 21/34.2 Ian Cotter confirmed that the audit had gone well from an officer perspective. In relation to pension liabilities, the Goodwin ruling on pensions could potentially result in a small impact, but this was not unexpected.

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21/34.3 Cllr Stribley asked a question about the terminology used in the Report, that 'there is a risk that the assumptions and methodology used in the valuation of the Authority's pension obligation are not reasonable', and the use of the term 'uncorrected misstatement' in the audit conclusion. Michelle Hopton and Ian Cotter responded by explaining the potential risk regarding pension liabilities and that, as auditors, and as Head of Financial Services & Treasurer, they were comfortable that it was not a material risk. It was further explained that a material risk was set at £1.36m, based on two per cent of total expenditure per year end outturn.

21/34.4 In reply to Cllr Hilliard's question, Michelle Hopton gave an explanation of the controls approach adopted as part of the access design and implementation to consider significant audit risks. Michelle Hopton also answered Cllr Bigg's question on measuring the effectiveness of value for money (VFM) requirements, which she stated referred to the high-level governance that was in place to mitigate risk on VFM. The audit had not found any significant risks and a separate report on VFM would be submitted to the next meeting of the Committee.

21/34.5 In respect of the previous audit observation on the Charminster Depot unsigned draft lease agreement, it was clarified by ACFO Standen that the lease was now with the Dorset Council legal team to finalise.

21/34.6 Members welcomed the findings of the Report and confirmed to the external auditors that they were not aware of any cases of fraud.

21/34.7 **RESOLVED: Members reviewed the audit findings and noted the recommendations within the Report.**

21/35 Statement of Accounts 2020-21

21/35.1 Ian Cotter presented the Report. He stated that the final statements were very similar to the draft statements presented to Committee in July 2021. He highlighted that the placement of the PFI liability adjustment had been changed in the Comprehensive Income and Expenditure Statement and that there had been a number of minor changes that were not of significance to warrant the attention of the Committee.

21/35.2 **RESOLVED: Members approved the Statement of Accounts 2020-21, including the Annual Governance Statement.**

21/36 Internal Audit Quarterly Report Quarter 2

21/36.1 Dan Newens from South West Audit Partnership (SWAP) presented the Report.

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- 21/36.2 Dan Newens answered Cllr Hilliard's queries as to the links between the work of SWAP and that of Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). CFO Ansell added that the use of aligned Key Lines of Enquiry (KLOEs) and Key Performance Indicators (KPIs) maintained consistency during audit inspections.
- 21/36.3 Members reviewed the Report and were satisfied with the progress of activities, noting that the findings that required attention related to the General Ledger (Cash and Bank) were being progressed by the finance team.
- 21/36.4 **RESOLVED: Members considered the findings of the audits and approved the management responses.**

21/37 Internal Audit Progress Report

- 21/37.1 Jill McCrae introduced the Report.
- 21/37.2 The Committee was updated that there was no slippage in the progress of work against the outstanding internal audit actions.
- 21/37.3 Further, the asset service maintenance checks and inspections (item 2 of appendix A of the Report refers), and inconsistencies in how sites with more than one building are recorded in the Property Asset Register and missing data (item 4 of appendix A of the Report refers), both having a target date of 6 December 2021, were now complete.
- 21/37.4 **RESOLVED: Members reviewed and noted the progress of work against the outstanding internal audit recommendations.**

21/38 Financial Monitoring Report - Quarter 1 2021-22

- 21/38.1 Ian Cotter presented the Report and provided an analysis of the current financial position reflecting spending to 30 June 2021. It was noted that the revenue budget showed a small positive variance of £368k at the current time, mainly due to some additional funding supporting already budgeted pay costs. An update on the possible out-turn of the Capital Programme would be provided at the 8 December 2021 Committee meeting.
- 21/38.2 In reply to Cllr Hilliard's question, CFO Ansell confirmed that the provision of driver support to South Western Ambulance Service (SWAST) was cost neutral. The current agreement was due to end in October and that it may be renewed on a short-term basis by the CFO.
- 21/38.3 With regard to a Cllr Hilliard's question on the use of electric vehicles in future years, CFO Ansell and ACFO Standen gave details of the work that was being carried out to make this evaluation. This was both for the 'white' fleet and the 'red' fleet of vehicles and the considerations that were required in serving both urban and rural areas.

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- 21/38.4 In reply to Cllr Bigg's question regarding the effect on employer contributions of the recently announced increase in National Insurance from April 2022, Ian Cotter and CFO Ansell replied that the potential cost to the Authority could be in the range of £250k to £300k per annum. However, there were indications that the cost of this to the public sector would be compensated by the Government.
- 21/38.5 **RESOLVED: Members noted the current financial position as at 30 June 2021.**
- 21/39 **Performance Report - Quarter 1**
- 21/39.1 Jill McCrae introduced the Report and reported on KLOE 6 – How well do we use resources to manage risks. In answer to Cllr Ridout's question it was confirmed that the effects of an increase in inflation, for example in fuel costs, was taken into consideration by the Service when setting and monitoring its budgets.
- 21/39.2 Ian Cotter reported on KLOE 7 – How well are we securing an affordable way of managing the risk of fire and other risks now and in the future? Ian Cotter gave details of the timetable for the fire sector spending review bid, with more clarity on outcomes scheduled for the end of October 2021.
- 21/39.3 In reply to Cllr Ridout's question on the effects of the increase in National Insurance and inflation, Ian Cotter responded that such factors were kept under constant review, as were the impact of pay awards. He added that the proposal to have financial certainty to 2024-25 would be helpful in developing financial planning. CFO Ansell added that when looking at the capital programme, different scenarios were looked at, including the vehicle fleet.
- 21/39.4 Cllr Biggs asked if the increase in costs to the Authority, for example the National Insurance increase, could be passed on to the Service by suppliers. It was established that this could be in the case for new contracts but was unlikely for existing ones. ACFO Standen commented that the order for new vehicles for the Service fleet had been made 18 months previously.
- 21/39.5 Jill McCrae reported on KLOE 12 – How effective is the Occupational Health and Safety management system in the Service? In reply to Cllr Stribley's question, Jill McCrae confirmed that the three reportable incidents to the Health and Safety Executive were work related.
- 21/39.6 Vikki Shearing reported on KLOE 13 – Are effective governance and decision-making arrangements in place? Reference was made to Member development seminars, and it was observed that the seminar schedule might require adjustment to accommodate a session on the White Paper on fire reform. It was also reported that the Members' Handbook was being updated to reflect the changes agreed in June at the Fire and Rescue Authority meeting.

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- 21/39.7 In answer to Cllr Hilliard's question on two of the complaints received relating to the recruitment of Fire Control staff and specifically the minimum qualifications required and specified by the Service, Jenny Long and CFO Ansell provided additional detail and the procedures that were being introduced to address the issues.
- 21/39.8 In answer to the Chair's question, Vikki Shearing explained that the completion of the Information Security/Data Protection e-learning module was routinely monitored and that Cyber security remained a strategic risk, until the Cyber Security Standard was secured, which was anticipated to be by the end of the calendar year.
- 21/39.9 Jenny Long reported on KLOE 8 – How well do we understand the wellbeing needs of our workforce and act to improve workforce wellbeing, and KLOE 9 – How well trained and skilled are staff?
- 21/39.10 Vikki Shearing and Jenny Long reported on KLOE 10 – How well do we ensure fairness and diversity?
- 21/39.11 In reply to questions from Cllrs Hilliard and Biggs, Jenny Long explained that the Service had a pool of new wholetime recruits, and that a further recruits course would take place in March 2022. CFO Ansell added that the Service was always looking to recruit to train people up to be replacements for staff who may retire (with the changes to the Firefighters' Pension Scheme 1992 in March 2022 potentially causing some short-term volatility), or who may leave for other reasons, including joining other fire and rescue services.
- 21/39.12 Jenny Long reported on KLOE 11 – How well do we develop leadership and capability? It was noted that staff had between them received very high levels of recognitions to celebrate achievement, which was a good outcome.
- 21/39.13 **RESOLVED: Members reviewed and approved the Quarter 1 Performance, as detailed in Appendix A of the Report.**

21/40 Strategic Risk Register

- 21/40.1 Jill McCrae introduced the Report. Risk 413 relating to the coronavirus pandemic was highlighted and the support that would be provided to partners in both local resilience forums going into the Winter months was explained.
- 21/40.2 CFO Ansell added that risk 413 would continue to be monitored including if the coronavirus pandemic began to worsen. The reopening of fire stations to the community from 1 October 2021 would also be kept under review.
- 21/40.3 In answer to Cllr Bigg's question, Ian Cotter explained the risk 0006 (financial security) was a high-level risk and that the effects of inflation was addressed in medium - term financial planning.

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21/40.4 CFO Ansell added that the target was to reduce the risk of 0006 from an impact score of five, and that more financial certainty might be available in December 2021 following Government announcements.

21/40.5 **RESOLVED: Members reviewed and noted the strategic risks and mitigations, as detailed in Appendix A of the Report.**

21/41 Date of Next Meeting

21/41.1 The Chair confirmed the date of the next Finance & Audit Committee meeting as 8 December 2021.

Meeting ended at 12:20 hours.

Signed: _____

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