



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 22/19

**DRAFT Minutes of the Finance & Audit Committee held at 10:00 hours on
Wednesday 9 March 2022 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 Pip Ridout (Vice Chair)
Cllr Pete Barrow	Cllr Richard Biggs
Cllr Paul Hilliard	Cllr Kelvin Nash
Cllr Kevin Small	

Officer attendance:

Deputy Clerk & Monitoring Officer, Grace Evans
Chief Fire Officer (CFO), Ben Ansell
Deputy Chief Fire Officer (DCFO), Derek James
Head of Financial Services & Treasurer, Ian Cotter
Director of Community Safety, Assistant Chief Fire Officer (ACFO), Andy Cole
Director of People Services, Jenny Long
Temporary Director of Service Support, Jill McCrae
Head of Corporate Support, Vikki Shearing
Senior Executive & Democratic Services Manager, Gemma Kelly
Democratic Services Officer, David Shaw

Guests:

Michelle Hopton - Deloitte LLP
Dan Newens - South West Audit Partnership (SWAP) Internal Audit Services
Charlie Windebank - Management Accountant - Financial Services (Open Seat)

22/01 Welcome

22/01.1 The Chair opened the meeting and welcomed attendees.

22/02 Apologies

22/02.1 No apologies were received from Members.

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22/03 Code of Conduct and Declaration of Interests

22/03.1 The Chair asked the meeting for any disclosures of pecuniary interests under the Localism Act. There were no disclosures.

22/04 Public Questions

22/04.1 No questions were received from members of the public.

22/05 Review and approve Minutes of the Finance & Audit Committee meeting on 8 December 2021

22/05.1 The Chair asked Members to review and approve the minutes from the last meeting.

22/05.2 In reference to Minute – 21.46.3, Chief Fire Officer (CFO) Ben Ansell informed the meeting that in respect to the White Paper on fire reform, publication of the White Paper was still awaited and a seminar for Members would be arranged following its publication.

22/05.3 In reference to Minute 21.52.1, CFO Ansell updated the meeting that Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection of the Service had commenced and was now in the second week of a six-week inspection period. A virtual strategic briefing had been held on 8 March with the Authority Chair, Cllr Rebecca Knox, and Wendy Williams, Her Majesty's Inspector, being present.

22/05.4 The Chair commented that the recommendation in Minute 21/48 regarding the National Scheme for External Auditor Appointments had been approved at the meeting of the Fire and Rescue Authority held on 9 February 2022.

22/05.5 **RESOLVED: Members approved the minutes and were signed by the Chair as a correct record.**

22/06 External Audit Plan 2021-22

22/06.1 Michelle Hopton, Deloitte LLP, introduced the report.

22/06.2 Ian Cotter, Head of Financial Services & Treasurer, commented that he had discussed the Plan with External Audit. Due to delays caused by the impact of Covid-19 and the carry forward of projects in the capital programme, including vehicle purchase, there were possible risks around risk 1 – capitalisation of expenditure, but this did not present a concern. CFO Ansell added that the focus of the plan on Value for Money was welcomed as this was an area of interest to HMICFRS.

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- 22/06.3 Cllr Richard Biggs observed that the plan was prepared in February, including its underpinning estimates, and asked whether these were still sound in the present economic uncertainty. Michelle Hopton replied that the Russia, Ukraine conflict could possibly affect the pension fund if it held assets in Belarus, Russia or Ukraine. Under the Chartered Institute of Public Finance and Accountancy (CIPFA) code, the Authority was regarded as a going concern as it delivered needed services and the impact of the economic uncertainty on the Authority would be reflected in the Annual Report. Ian Cotter added that the report was about the current financial year that was about to end.
- 22/06.4 Cllr Paul Hilliard enquired about how capitalisation of expenditure was managed from management over-ride. Michelle Hopton explained that it did not relate to tenders but could be a fraud risk if there was a capitalisation of expenditure that did not meet the definition of a capital asset.
- 22/06.5 Cllr Kevin Small raised questions on the public perception of the role of Members to make decisions which in Value for Money terms were recommended, but in the public's view may or may not be seen as such. Michelle Hopton replied that External Audit's role would be to report that the Authority had the governance arrangements in place to ensure Value for Money which would underpin a strategic decision.
- 22/06.6 **RESOLVED: Members received and noted the External Audit Plan 2021-22, in particular the significant audit risks highlighted.**
- 22/07 Internal Audit Plan 2022-2023 and Audit Charter**
- 22/07.1 Jill McCrae, Temporary Director of Service Support, and Dan Newens, South West Audit Partnership (SWAP), presented the report.
- 22/07.2 Cllr Pete Barrow asked if the conflict in Ukraine had been factored into the Internal Audit Plan. Dan Newens replied that there was flexibility in the plan to change it if required. CFO Ansell added that the conflict impacted on certain sectors, for example energy costs, and subsets of risks were required to be considered.
- 22/07.3 Cllr Pip Ridout enquired if financial and operational risks were being considered in response to the conflict in Ukraine, for example pensions. CFO Ansell stated there they were being monitored closely, including protecting the Service against cyber threats and attacks.
- 22/07.4 Cllr Small referred to page 8 of the report, budget preparation and management, and asked about Member involvement in the process. The Chair commented that together with the Vice Chair, consideration was being given to involving Members earlier in the process and they would welcome Members' input to further strengthen the work of the Committee.

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22/07.5 **RESOLVED: That the Internal Audit Plan 2022-2023 and the Audit Charter be approved.**

22/08 Internal Audit Quarterly Report - Quarter 4

22/08.1 Dan Newens presented the report. He drew attention to the fact that of the four priority 3 recommendations for the audit of critical supplies and supply chain – emergency response, two had been completed and the remaining two were being addressed.

22/08.2 Jill McCrae replied to a question from the Chair stating that the remaining two actions would be achieved by the dates set and raised no concerns. In reply to Cllr Barrow, Dan Newens confirmed that when the four priority 3 recommendations and their associated actions were completed, the opinion of the audit for critical supplies and supply chain – emergency response would be moved from adequate to substantial.

22/08.3 Cllr Ridout commented that engagement with stakeholders by the Authority, referred to on page five of the report, should be inclusive of Members.

22/08.4 **RESOLVED: Members considered the findings of the audits and approved the management responses.**

22/09 CIPFA Financial Management Code

22/09.1 Ian Cotter, presented the report.

22/09.2 In reply to a question from Cllr Small, Ian Cotter confirmed that most of the Code was already in working practice and therefore few changes were required.

22/09.3 **RESOLVED: That the introduction of the CIPFA Financial Management (FM) Code, and that the 2021-22 financial year is the first year for full compliance with CIPFA FM Code, and Appendix A which shows the Authority's assessed level of compliance compared to the Standards contained in the FM Code, be noted.**

22/10 Financial Monitoring Report - Quarter 3 2021-22

22/10.1 Ian Cotter presented the report. Reference was made to paragraph 2.1.1 of the report and that the 1.75% pay award for corporate staff had now been agreed and would be paid in March, backdated to April 2021. It was also probable that the contract sum for building works of £104K highlighted in paragraph 4.3.1 would now increase. CFO Ansell referred to paragraph 2.4.3 and the Value for Money work that had been carried out to evidence the value of the partnership agreements for the supply of carbon monoxide alarms from energy suppliers, which supported their social responsibility agenda.

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- 22/10.2 In reply to Cllr Kelvin Nash's question regarding paragraph 2.3.1 and the saving of 134 hours of whole-time staff by not attending automatic fire alarms, CFO Ansell stated that this time could be used productively in other areas. It was also confirmed that the cost of emergency response driver support to South Western Ambulance Service NHS Foundation Trust was cost neutral to the Authority. Director of Community Safety, Assistant Chief Fire Officer (ACFO), Andy Cole also explained the preparation for the new mobile Emergency Services Network communications system and Ian Cotter provided details on the associated grant funding.
- 22/10.3 In reply to a question from Cllr Small, Ian Cotter reported that the review of the business rates valuations would lead to an ongoing saving of £200K per annum in business rates, which had been considered when setting the budget.
- 22/10.4 Cllr Biggs raised a question on the potential cost increase against the original contract sum of £104k for building works at Bere Regis Fire Station and Blandford Fire Station, and whether this would be brought back to Members. Ian Cotter explained that the officers would seek to carry out the works within the existing budget, and if additional funding was required it could be carried out under officer delegation or could be brought before Members. It was noted that the works to the stations were cyclical maintenance and would not affect operational delivery.
- 22/10.5 The Chair asked that if the Authority encountered poor performance by a contractor, which led to the cancellation of works, were there mechanisms to help scrutinise them in the future. The officers replied that the contractor would be removed from the list of approved contractors and the Authority would not work with them in the future. Grace Evans, Deputy Clerk & Monitoring Officer, added that under the Public Contract Regulations 2015 the contractor could be excluded if they wished to bid again.
- 22/10.6 In reply to a question from Cllr Ridout, Ian Cotter explained that inflationary pressures had been taken into account when setting the budget. These included those relating to fuel, utilities and pay awards. The Chair observed that the £5 fire-precept flexibility option within council tax would have been helpful in this respect.
- 22/10.7 **RESOLVED: Members noted the current financial position as at 31 December 2021.**
- 22/11 Performance Report - Quarter 3**
- 22/11.1 Jill McCrae introduced the report and reported on KLOE 6 – *How well do we use resources to manage risks?* Reference was made to the challenges with suppliers, supply chains, delivery schedules and an increased likelihood of future price increases, which would now also consider implications arising from the conflict in Ukraine.

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- 22/11.2 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.*
- 22/11.3 In reply to a question from Cllr Biggs, regarding business continuity and horizon scanning, including considering nuclear incidents, CFO Ansell replied that the National Fire Chiefs Council (NFCC) would be the national strategy lead, and the Local Resilience Forums would consider obligations under the Civil Contingencies Act 2004.
- 22/11.4 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?* CFO Ansell added that it was disappointing not to receive the £5 flexibility to increase the fire precept within the Local Government Finance Settlement and informed the Committee that, subject to NFCC full Council approval, he was to be appointed as Chair to the NFCC Finance Committee, which would help inform the Authority in the future. The Chair commented on the efforts that had been made to gain the support of local Members of Parliament, which would continue.
- 22/11.5 Jenny Long, Director of People Services, 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?*
- 22/11.6 Jenny Long confirmed to Cllr Small that the actual cumulative shifts/ days lost for quarters 1-3 included those lost to Covid-19. In answer to Cllr Hilliard's question regarding absence of on-call firefighters due to musculoskeletal issues, Jenny Long stated that on-call staff had access to the gymnasiums in the stations and physiotherapy; there was not the opportunity to offer limited duties as there was for wholetime staff.
- 22/11.7 The Chair asked Members to make contact if they wished to highlight anything in the report's content outside of the meeting.
- 22/11.8 **RESOLVED: Members reviewed and approved the Quarter 3 2021-22 Performance, as detailed in Appendix A of the report.**
- 22/12 Strategic Risk Register**
- 22/12.1 Jill McCrae introduced the report. It was stated that risk 0006 regarding financial sustainability would be monitored in case the risk increased over the coming months.
- 22/12.2 Vikki Shearing, Head of Corporate Support, detailed the work that had been taken to protect the Service against cyber threats and attacks (risk reference 301 refers).
- 22/12.3 **RESOLVED: Members reviewed and noted the strategic risks and mitigations, as set out in Appendix A of the report.**

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22/13 Committee work programme 2022-23

22/13.1 Vikki Shearing introduced the report.

22/13.2 Arising out of consideration of the report, Members discussed the potential impact on the work programme of the conflict in Ukraine, noting that the programme could be changed if required, for example if financial challenges affected the Service. CFO Ansell also outlined the Service's active membership of our two Local Resilience Forums and roles and responsibilities arising from the Civil Contingencies Act 2004.

22/13.3 **RESOLVED: That the outline work programme for 2022-23 be approved.**

22/14 Date of Next Meeting

22/14.1 The Chair confirmed the date of the next Finance & Audit Committee meeting as 27 July 2022.

Meeting ended at 12:15 hours.

Signed: _____

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