



**DRAFT Minutes of the Finance & Audit Committee held at 10:00 hours on
Wednesday 8 March 2023 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 Malcolm Davies	Cllr Paul Hilliard
Cllr Kelvin Nash	Cllr Kevin Small

Officer attendance:

Deputy Clerk & Monitoring Officer, Grace Evans
Head of Financial Services & Treasurer, Ian Cotter
Assistant Chief Fire Officer (ACFO), Director of Community Safety, Andy Cole
Assistant Chief Officer (ACO), Director of People Services, Jenny Long
Assistant Chief Officer (ACO), Director of Service Support, Jill McCrae
Head of Corporate Support, Vikki Shearing
Corporate Communications & Engagement Manager, Emily Cheeseman
Democratic Services Officer, David Shaw
Executive and Democratic Services Administrator, Steph Howard

Guests:

Michelle Hopton - Deloitte LLP
Dan Newens - South West Audit Partnership (SWAP) Internal Audit Services (Dan Newens was not present in the meeting for the Committee's deliberation and decision on the Part 2 item - Future Internal Audit Provision).

23/01 Welcome

23/01.1 The Chair opened the meeting and welcomed attendees.

23/02 Apologies

23/02.1 No apologies were received from Members. Apologies were received from Chief Fire Officer Ben Ansell and Deputy Chief Fire Officer Derek James who were attending the Local Government Association annual fire conference. In

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their absence, Assistant Chief Officer (ACO), Director of Service Support, Jill McCrae undertook the role as operational adviser to the Chair.

23/03 Code of Conduct and Declaration of Interests

- 23/03.1 The Chair asked the meeting for any disclosures of pecuniary interests under the Localism Act. In respect of item 23/16, Future Internal Audit Provision, Cllr Richard Biggs made a personal statement that he was appointed as Dorset Council's representative on the South West Audit Partnership's Owners Board and he withdrew from the meeting for consideration of this item.

23/04 Public questions

- 23/04.1 No questions were received from members of the public.

23/05 Review and approve Minutes of the Finance & Audit Committee meeting on 7 December 2022

- 23/05.1 The Chair asked Members to review and approve the minutes from the last meeting.
- 23/05.2 In reference to Minute – 22.32.2, ACO McCrae updated the Committee that the members of the Fire Brigades Union (FBU) had agreed to a pay offer of 7% for 2022/23 and 5% for 2023/24.
- 23/05.3 In reference to Minute 22.33.3, ACO McCrae reported that His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection of the efficiency pillar 'making the fire service affordable now and in the future' had been graded as outstanding in respect of making best use of resources.
- 23/05.4 **RESOLVED: Members approved the minutes and were signed by the Chair as a correct record.**

23/06 External Audit Annual report 2021/22

- 23/06.1 Michelle Hopton, Deloitte LLP, introduced the report which showed a positive position. The return from the Wiltshire Pension Fund auditor had been received and was being considered. As no further matters had been identified, an unqualified opinion was expected. No significant weaknesses had been identified in the Value for Money opinion work.
- 23/06.2 In reply to Members' questions, Michelle Hopton confirmed that the Authority was well run and effectively governed and was in the top quartile of comparative authorities.

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- 23/06.3 In reply to a question from Cllr Kevin Small, Michelle Hopton stated that the amount of the pensions liability as a proportion of the total net liabilities was set out in the accounts and would be provided to Cllr Small outside of the meeting.
- 23/06.4 **RESOLVED: Members received and noted the Auditor's Annual Report 2021/22.**
- 23/07 Internal Audit Plan 2023/24 and Audit Charter**
- 23/07.1 Dan Newens, South West Audit Partnership (SWAP), presented the report.
- 23/07.2 In reply to questions from Cllr Small, Dan Newens explained that the Government's new expectations for sickness and support were anticipated to be published prior to the short-term absence management audit being commenced and would therefore be taken into consideration.
- 23/07.3 In addition, industrial relations was one element of the Business Continuity Arrangements audit and the separate audit of Industrial Relations would commence in quarter 1 prior to the audit of Business Continuity arrangements in quarter 4. The conclusions of earlier audits would be taken into consideration.
- 23/07.4 In reply to a further question from Cllr Small on the audit of Secondary Contracts, Assistant Chief Officer (ACO) Director of People Services, Jenny Long explained some of the elements of the scope of the audit, for example to ensure that working hours were not exceeded and to avoid conflicts of interest.
- 23/07.5 In reply to questions from Cllr Paul Hilliard, the Officers confirmed that a number of internal audit reports were sent to His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) as part of their inspection of the Service and that recruitment and equalities data were routinely monitored by management and reported, at high level to the Committee. However, recruitment and equalities could be the subject of an internal audit review in 2024/25 if required. It was also highlighted that the audit programme picked up on findings from the HMICFRS inspection; furthermore, the internal audit plan was aligned with the HMICFRS inspection criteria.
- 23/07.6 In reply to a question from Cllr Biggs, Dan Newens and the Head of Corporate Support, Vikki Shearing stated that supply chain security could be included within the scope of the audit in respect of Cyber Security arrangements.
- 23/07.7 Cllr Pip Ridout commented on the quality of audit work mentioned on page 6 of the report, and the use of post audit questionnaires to provide an objective review.

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23/07.8 In reply to a question from Cllr Pete Barrow, Dan Newens explained that there was flexibility in the Internal Audit Plan to consider additional work if required, for example considering matters arising from the cultural review that was currently being undertaken.

23/07.9 In reply to a question from the Chair, Dan Newens explained that the Service upheld the Internal Audit Charter and that he was content to raise any matters that might not be in accordance with the Charter with the Strategic Leadership Team and Members.

23/07.10 **RESOLVED: That the Internal Audit Plan 2023/24 and the Internal Audit Charter be approved.**

23/08 Internal Audit Quarterly report - Quarter 4

23/08.1 Dan Newens presented the report.

23/08.2 Arising out of consideration of the Energy Management audit, which had an adequate assurance awarded, Dan Newens replied to Cllr Ridout's comments regarding the reputational risks arising to the Authority if it did not take action to mitigate risks arising from climate change and contribute towards its reduction. ACO McCrae added that the Authority needed to evidence that it was making advancement on global issues, for example in its use of electric vehicles. The Chair observed that it was necessary to have policies in place to make use of available grants and to respond to national and local opinion. The Officers concluded that additional narrative could be added to the commentary of future reports to explain further the positive actions that had been taken by the Service when the auditor's opinion was 'adequate assurance' rather than 'substantial'.

23/08.3 In reply to a question from Cllr Hilliard, the Officers stated that an Environmental Sustainability & Compliance Manager had been recruited and that the post of Environmental Sustainability Surveyor was being advertised. Cllr Hilliard suggested that Environmental Sustainability was a suitable subject for a future Member Seminar.

23/08.4 **RESOLVED: Members considered the findings of the audits and approved the management responses.**

23/09 Internal Audit progress report

23/09.1 ACO McCrae introduced the report. It was noted that the staff resources required to support the delivery of the Environmental Sustainability Strategy were now agreed with two of the three posts in place.

23/09.2 The Assistant Chief Fire Officer (ACFO), Director of Community Safety, Andy Cole provided additional detail on the management actions taken for safeguarding arrangements, which were on target for delivery by 30 April 2023.

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23/09.3 **RESOLVED: That the Internal Audit progress report be noted.**

23/10 Financial Monitoring report - Quarter 3

23/10.1 Head of Financial Services & Treasurer, Ian Cotter presented the report. Reference was made to paragraph 2.1.2 of the report and the impact of pay awards, where it was confirmed that members of the Fire Brigades Union had accepted a 7% pay award from July 2022 and a further 5% increase from July 2023. These figures had been reflected in the revenue budget and the Revenue Monitoring statement 2022/23 at Appendix A. Members were also updated that the National Joint Council had recently made a pay offer to corporate staff of £1,925, averaging just under 6%, from 1 April 2023.

23/10.2 In reply to Cllr Biggs' question regarding the level of reserves, Ian Cotter confirmed that the level at near 5% was satisfactory at the present time and it was not envisaged that reserves would need to be utilised. Consideration could be given to potentially increasing reserves in the future and a comprehensive risk assessment of reserves was planned. Cllr Biggs also enquired about the use of earmarked reserves, including the Youth Intervention Reserve, which Ian Cotter explained would be used by the end of the financial year and would be set out in the final accounts. ACO McCrae replied to Cllr Biggs' question on slippage in the capital programme, stating that a new approach was being taken to screening the capital programme to reduce delays.

23/10.3 In reply to a question from Cllr Hilliard, ACO McCrae advised on the property leases associated with the Training Centre.

23/10.4 **RESOLVED: That the current financial position as at 31 December 2022 be noted.**

23/11 Performance report - Quarter 3

23/11.1 ACO McCrae introduced the report and reported on KLOE 6 – *How well do we use resources to manage risks?* Reference was made to business continuity arrangements and the current focus on national power outages, which was aligned to the national risk register. Procurement arrangements, the new asset management system and the use of electric and hybrid vehicles to support the Service's environmental sustainability strategy were also highlighted. It was confirmed that photovoltaic solar panels would be installed at five key stations, plus Swindon Fire Station, as part of the roof repairs.

23/11.2 Vikki Shearing reported on KLOE 6 sub diagnostic – *To what extent do we demonstrate effective management of Information and Communication technology.*

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- 23/11.3 In reply to a question from Cllr Barrow, regarding whether the next Community Safety Plan (CSP) should include a corporate target for carbon reduction, ACO McCrae stated that this would be considered when developing the next CSP.
- 23/11.4 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?* In reply to a question from Cllr Ridout, Ian Cotter confirmed that the members of the Fire Brigades Union (FBU) had agreed to a pay offer of 7% for 2022/23 and the increase would be applied from the March 2023 payroll.
- 23/11.5 ACO Long reported on KLOE 12: *How effective is the Occupational Health and Safety management system in the Service?*
- 23/11.6 In reply to a question from Cllr Small, as to whether the figures for Health and Safety Performance were distorted by the inclusion of figures over the COVID period, ACO Long reported that the reporting of the COVID period would be removed from reporting over the next 12 months.
- 23/11.7 ACO Long reported on KLOE 8 – *How well do we understand the wellbeing needs of our workforce and act to improve workforce wellbeing.*
- 23/11.8 ACO Long explained to Cllr Hilliard that it was difficult to compare the Service's sickness records with those nationally, as timings on data collection would cause a significant delay which would impact on its use as a benchmarking tool.
- 23/11.9 ACO Long reported on KLOE 10 – *How well do we ensure fairness and diversity.*
- 23/11.10 In reply to a question from Cllr Ridout regarding the 51 new starters to the Service, ACO Long explained how diversity was monitored, and also how unsuccessful applicants could be supported.
- 23/11.11 ACO Long reported on KLOE 11 – *How well do we develop leadership and capability.*
- 23/11.12 Cllr Barrow observed that it was Government guidance to require all employers in scope, to have a target to employ at least 2.3% of their staff as new apprentice starts over the period 1 April 2021 to 31 March 2022. In response to a question from Cllr Hilliard the Officers explained how learning from incidents was shared, including hot debriefs for immediate learning and the monitoring of alerts from national trends.
- 23/11.13 **RESOLVED: Members reviewed and approved the Quarter 3 2022/23 Performance, as detailed in Appendix A of the report.**

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23/12 Strategic Risk Register

- 23/12.1 ACO McCrae introduced the report. It was stated that risk 530 regarding reduction in frontline services due to the loss of staff due to industrial action should remain on the strategic risk register to monitor if it began to reduce over the forthcoming months. It was noted that the 7% and 5% pay offer had been accepted by members of the Fire Brigades Union.
- 23/12.2 In addition, a new strategic risk was emerging which would be monitored. This was the recruitment and retention of corporate staff. Higher salaries in the private sector were impacting on the Service and as part of the mitigation of the risk a corporate pay structure review had been independently commissioned. In reply to a question from Cllr Barrow, ACO McCrae informed Members that South West Councils would be undertaking the corporate pay structure review due to their expertise in this area of work
- 23/12.3 Members discussed the use of the term 'failure' within the risk title, as mentioned in Appendix A, when the Service had systems in place to control the risk and reduce the impact. The Officers replied that consideration would be given to alternative wording.
- 23/12.4 **RESOLVED: Members reviewed and noted the strategic risks and mitigations, as set out in Appendix A of the report.**

23/13 Committee work programme 2023/24

- 23/13.1 Vikki Shearing introduced the report.
- 23/13.2 **RESOLVED: That the outline work programme for 2023/24 be approved.**

23/14 Date of next meeting

- 23/14.1 The Chair confirmed the date of the next Finance & Audit Committee meeting as 26 July 2023.

23/15 To consider passing the following resolution:

In accordance with Section 100A (1, 2 & 3) of the Local Government Act 1972, to exclude the press and public for the business specified below because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

- 23/15.1 **RESOLVED: To close the meeting to the press and public.**

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PART 2

23/16 Future Internal Audit Provision

- 23/16.1 The meeting considered an exempt report which considered future internal audit provision options and sought the Committee's recommendation to endorse the preferred option, which was detailed as option 2 in the report.
- 23/16.2 Members sought assurance on the governance structure of Option 2, including at Officer and Member level and the pension arrangements for its staff.
- 23/16.3 Following debate, it was agreed to endorse the recommendation, subject to the need to include a break clause in 2027, when the contract could be reviewed and 12 months' notice to terminate the contract could be given if this was required.
- 23/16.4 **RESOLVED: That subject to the inclusion of a break clause in 2027, Option 2, as set out in the report, be endorsed and its approval be recommended to the Authority meeting in June.**

Meeting ended at 12:35 hours.

Signed: _____

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