

**Minutes of the Meeting of
Shropshire and Wrekin Fire and Rescue Authority
Audit and Performance Management Committee
held in the Oak Room, Headquarters, Shrewsbury
on Thursday, 21 April 2016 at 2.00 pm**

Present

Members

Councillors Adams, Hosken, Hurst-Knight, Dr Jones (Chair), Kiernan, Mason and Mellings (Vice-Chair)

Officers

Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer, Treasurer, Head of Finance (for items 1 to 12), Head of Service Delivery (for item 13 onwards), Head of Service Delivery Transformation (for item 13 onwards), Planning and Performance Manager, Service Development Officer (for item 13) and Executive Support Officer

External Bodies

Mr Stocks and Mr McLarnon (Grant Thornton, External Audit)
Ms Pilawski and Mr Chadderton (Audit Services, Shropshire Council)
(for items 1 to 12)

1 Apologies for Absence

No apologies for absence had been received.

2 Disclosable Pecuniary Interests

The Chair reminded Members that they must not participate in the discussion of, or voting on, any matter, in which they had a Disclosable Pecuniary Interest, and that they should leave the room prior to the commencement of the debate on any such matter.

Councillors Kiernan and Mellings declared a Disclosable Pecuniary Interest in items 15 and 18, as Directors of Shropshire Fire Risk Management Services Ltd.

Councillors Kiernan and Mellings had been granted a dispensation by the Fire Authority to take part in the discussion of, and voting on, certain matters, which related to Shropshire Fire Risk Management Services. Items 15 and 18 fell within this dispensation as they concerned the reporting of historic data.

3 Minutes

Members received the non-exempt minutes of the Audit and Performance Management Committee meeting, held on 10 December 2015.

It was proposed by Councillor Mason, seconded by Councillor Mellings, and

Resolved that the non-exempt minutes of the Audit and Performance Management Committee meeting, held on 10 December 2015, be agreed and signed by the Chair as a correct record.

4 Public Questions

No questions, statements or petitions had been received from members of the public.

5 Review of Committee Terms of Reference

This report asked Members to review the current Terms of Reference of the Audit and Performance Management Committee; to consider whether the Fire Authority should receive reports on risk management; and make recommendations accordingly to the Fire Authority.

Councillor Hurst-Knight commented that he felt uncomfortable with the Fire Authority only receiving a risk report once a year and suggested that a report should perhaps be taken on every six months. Councillor Mellings agreed with this suggestion.

The Planning and Programme Manager (PPM) advised that at item 12 – Corporate Risk Management Summary - on the agenda, there would be an opportunity for Members to view a detailed version of the Corporate Risk Register. He asked if the Committee thought the Fire Authority should receive an in-depth report on corporate risk or a report, which was more basic in its content. He advised that a report could be taken to the Fire Authority every six months but that this Committee would receive a corporate risk report at each meeting. There was also reference to corporate risk within the Strategy and Resources Committee Terms of Reference and officers needed to be mindful of the level at which they were reporting corporate risk to each Committee.

Councillor Mellings commented that an overview would be fine for the Committee and asked if there could be some drilled-down reporting to enable deeper understanding for Members. The PPM responded that this was a good idea. It fitted well with the Committee's scrutiny function and he undertook to involve officers.

Councillor Adams asked for clarification of how the Committee could assess if it was adding value and suggested a possible annual report as a means of documenting what it had achieved. The Assistant Chief Fire Officer (ACFO) advised that officers would look at this suggestion in more detail.

It was proposed by Councillor Mellings, seconded by Councillor Mason, and

Resolved that, having reviewed its terms of reference, the Committee:

- a) Agree that the Fire Authority should receive reports on risk management;
- b) Agree that these reports should be taken to the Fire Authority every six months; and
- c) Make recommendations accordingly to the Fire Authority.

6 Review of Member Role Descriptions

This report asked the Audit and Performance Management Committee to review the Role Descriptions for the Chair and Vice-Chair of the Audit and Performance Management Committee and Member Champion for Risk Management and Audit.

It was proposed by Councillor Hurst-Knight, seconded by Councillor Dr Jones, and

Resolved that the Committee, having reviewed the Role Descriptions for the Chair and Vice-Chair of the Committee and for the Member Champion for Risk Management and Audit, agree the changes proposed in the report.

7 External Audit

7a The Audit Plan

This paper set out an overview of the planned scope and timing of the external audit, as required by International Standard on Auditing (UK & Ireland) 260.

Mr Stocks from External Audit talked through the paper and brought attention to the audit approach set out within it. He highlighted, in particular, page 13, which set out the National Audit Office criteria for the Value for Money (VfM) conclusion. He explained that for the 'Working with partners and other third parties' sub-criteria, auditors would be looking at the Fire Authority's partnership working with other fire authorities and external agencies.

Councillor Adams referred to the VfM assessment of partnership working and asked how far this would go and what kind of advice would be returned. Mr Stocks explained that the Fire Authority would be benchmarked against others and any areas for improvement would be identified.

It was proposed by Councillor Adams, seconded by Councillor Mason, and

Resolved that the Committee note the External Audit Plan for the Year Ended 31 March 2016.

7b Informing the Audit Risk Assessment

This report contributed towards the effective two-way communication between external auditors and the Audit and Performance Management Committee, as 'those charged with governance'.

The report covered some important areas of the auditor risk assessment, where external audit were required to make inquiries of the Committee under auditing standards.

It was proposed by Councillor Dr Jones, seconded by Councillor Adams, and

Resolved that the Committee note the report.

8 Internal Audit

8a Annual Report 2015/16

This annual report provided Members with details of the work undertaken by Internal Audit for the year ended 31 March 2016. It reported on progress against the annual audit plan. It also provided the Head of Audit's (Audit Service Manager's) opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes.

Ms Pilawski presented the report and highlighted that Internal Audit had made 42 recommendations during 2015/16 but that none of these had been fundamental recommendations. Any significant recommendations made were being addressed by the Service and, therefore, the Audit Service Manager had delivered a positive year-end opinion on the Authority's internal control environment for 2015/16.

Councillor Mellings referred to the Firefighters Pensions Administration audit and the level of risk associated with this. Mr Chadderton explained that Pensions had identified issues with regard to ill-health retirement calculations and the reconciliation processes. This did not have a financial impact on the Fire Authority and work was being undertaken to tighten the systems concerned. The Head of Finance (HoF) advised that with regard to the reconciliation process, the Pension contingencies were split between the schemes and work was undertaken between Payroll and Pensions to reconcile the amounts concerned. A complete reconciliation of these figures was undertaken at the end of 2015/16.

Councillor Mellings also referred to the ICT recommendation follow-up audit and asked if a further report on detail would be provided to give overall assurance to Members. The PPM advised that of the 8 recommendations made in the report, 4 had now been signed off, and advised that officers would bring a further report to a future meeting.

It was proposed by Councillor Mellings, seconded by Councillor Adams, and

Resolved that the Committee endorse:

- a) Performance against the Audit Plan for the year ended 31 March 2016;
- b) That the system of governance, risk management and internal control was operating effectively and could be relied upon when considering the Annual Governance Statement for 2015/16; and
- c) The Audit Service Manager's positive year-end opinion on the Authority's internal control environment for 2015/16 on the basis of the work undertaken and management responses received.

8b Three Year Internal Audit Plan from 2016/17

This report reviewed the three-year programme of audit work for the period 2016/17 to 2018/19 and recommended that the Fire Authority approve the programme for 2016/17, as set out in the report.

Councillor Mellings asked firstly if the average of 52 days audit days per year was sufficient and secondly if any work had been built in on an overview of the Service Transformation Programme (STP).

The HoF responded to the first question that Internal Audit had reviewed the audits required, based on risk level to the Fire Authority, and that they were happy that what was planned was sufficient. In response to the second question, the HoF explained that whilst the STP was not included in the Audit Plan as a stand-alone process, the work that emanated from it would be covered as improvements from the STP fell into the areas contained within the planned audits.

It was proposed by Councillor Dr Jones, seconded by Councillor Mason, and

Resolved that the Committee recommend that the Fire Authority:

- a) Note the three-year programme of audits from 2016/17;
- b) Approve the reduction in audit plan from 4 years to 3 years; and
- c) Approve the audit plan for 2016/17, as set out in the report.

9 Statement of Accounts 2015/16 Review of Accounting Policies

This report presented the accounting policies to be used in the production of the Fire Authority's Statement of Accounts 2015/16, for consideration and approval.

Councillor Hosken referred to Section 5 of the Accounting Policies and asked for an explanation of contingent liabilities. The HoF explained that contingent liabilities were events that the Fire Authority needed to make reference to within its financial statements but which were unquantifiable.

It was proposed by Councillor Hurst-Knight, seconded by Councillor Adams, and

Resolved that the Committee approve the accounting policies, prior to the presentation of the Statement of Accounts 2015/16 in September 2016.

10 Annual Governance Statement 2015/16 Improvement Plan

This report summarised the progress made to date against the improvements contained in the Annual Governance Statement (AGS) Improvement Plan 2015/16.

Councillor Adams referred to IRN 2 and asked for clarification of what a digital alerter solution was. The ACFO explained that the Service currently used analogue alerters, which were becoming an obsolete technology with limited industry support with regard to maintenance and repair. The Service was looking at alternatives, such as a digital solution, but there were connectivity issues associated with this, which would need to be overcome.

Councillor Dr Jones also referred to IRN 2 and asked for further detail on the nominations for ICT training. The PPM explained that this was ongoing and was currently at the right level. The ACFO further explained that there had been some feedback regarding this and it was likely that the need for ICT training would increase as more ICT was deployed within the Service.

It was proposed by Councillor Dr Jones, seconded by Councillor Hurst-Knight, and

Resolved that the Committee note the progress made against each of the improvements contained in the AGS Improvement Plan 2015/16.

11 Review of Anti-Fraud, Bribery and Corruption Strategy

This report requested the Committee to recommend that the Fire Authority re-affirm the Anti-Fraud, Bribery and Corruption Strategy, following the annual review conducted by officers.

It was proposed by Councillor Dr Jones, seconded by Councillor Mellings, and

Resolved that the Committee, having considered the Anti-Fraud, Bribery and Corruption Strategy, recommend that the Fire Authority re-affirm the document with the amendments set out in the report.

12 Corporate Risk Management Summary

This report was the latest of the regular risk summary reports that are normally reported to the Strategy and Resources (S&R) Committee. However, following changes to Committee terms of reference, which were still to be ratified by the Fire Authority, these summary reports would in future be presented to the Audit and Performance Management Committee. The report covered progress since the last update to S&R in January 2016.

Councillor Mellings referred to Risk ID 8, which concerned 7 ii (d) risk information and asked for an explanation of this is. The Deputy Chief Fire Officer (DCFO) explained that this related to the requirement for fire stations to gather and record information on risks within their locality.

The Chief Fire Officer (CFO) referred to Risk ID 7 and advised that with regard to the Fire Industries Association challenge the European courts had stated that the fire and rescue authorities concerned had no case to answer.

It was proposed by Councillor Dr Jones, seconded by Councillor Kiernan, and

Resolved that the Committee note the report.

The Committee took a short break at this point from 3 pm to 3.05 pm.

13 Service Transformation Programme

The PPM, ACFO and Service Development Officer gave a presentation on the benefits, which had emanated from the Service Transformation Programme. A copy of the presentation is attached to the signed minutes.

The ACFO suggested that a further presentation on this subject be brought to the Committee in 6 months' time. Members agreed with this suggestion.

Councillor Adams referred to the major ICT reforms that had been outlined in the presentation and commented that ICT reforms at Shropshire Council had failed mainly because of the management of the systems involved. He asked how management controls would be implemented within the Service to prevent failure. The ACFO responded that with regard to software the Service still used management information systems but there had been a move away from individuals saving their own data. All data was now stored in a data warehouse, which ensured that all data used now came from the same place. The introduction of SharePoint would ensure that all staff access this data through the same vehicle. Solutions, such as the Retained Availability System, had been developed internally and this work was monitored and reviewed by the Systems Governance Group. The use of the SPRINT method of software development had helped with the management of systems.

The Head of Service Delivery Transformation (HSDT) highlighted the importance of having system owners with responsibility for quality checking and providing feedback on developments.

Councillor Adams asked if, for example, 3 or 4 systems within the Service would all be able to speak to each other. The ACFO explained that this was not always possible and cited the example of ResourceLink and Active Directory. Officers were undertaking work with the aim of achieving communication between these two systems.

It was proposed by Councillor Dr Jones, seconded by Councillor Adams, and

Resolved that the Committee note the presentation.

Councillor Mellings left the meeting at this point (3.45 pm).

14 Performance Monitoring

14a Service Targets April 2015 to March 2016

This report presented a summary of the Service's performance from April 2015 to March 2016.

The PPM presented this report and highlighted that 7 out of the 8 targets had been achieved. Target 2b - Accidental Dwelling Fires (ADFs) to be reduced to not more than 236 during 2015/16 – was currently failing.

Councillor Adams asked how this target was set. The Head of Service Delivery (HSD) replied that the target-setting methodology was based on a 5-year average of the previous 5 years' incident numbers.

He explained that this was the first year that a target had been set for ADF reduction and the Service recognised that it was challenging. There were various reasons why levels of ADFs remained high, which included changes in legislation, such as the Bedroom Tax and the Care Act 2014, and the elderly demographic within Shropshire with wider family living elsewhere. There had also been an increase in white goods fires, with 28 washing machine or tumble drier fires occurring between April 2015 and March 2016, compared to the norm of 4 or 5 such fires.

There had been a move toward Precision Prevention, utilising the data available through recently established data-sharing protocols, such as Exeter data.

The HSD reported that 80% of fires attended originated in kitchens and 54% of those attended were out on arrival. Higher levels of smoke alarm ownership had led to increased warning for occupiers and a greater speed of arrival for crews, resulting in low numbers of serious fires and related injuries.

Councillor Mason referred to the issue of parking on pavements and related difficulties with access to properties. The HSD explained that the Service was aware of areas where this was a problem and had contingency plans for traffic congestion, if operational response was affected. The CFO advised that this would be a Police issue and the Service would work with the Police to address it.

The Head of Service Delivery Transformation (HSDT) gave a short presentation on the following 2015/16 target:

Injuries sustained to staff through firefighting will be reduced to not more than 27 injuries during 2015/16.

It was proposed by Councillor Dr Jones, seconded by Councillor Adams, and

Resolved that the Committee note the report and the presentation.

14b Wholetime and Retained Duty System Performance Monitoring October to December 2015

This report provided information regarding the ongoing performance and management in terms of the availability of wholetime and Retained Duty System (RDS) appliances in Shropshire.

The HSD referred to the wholetime recruitment programme and advised that approximately 2,000 online tests had been completed and over 300 people shortlisted to undertake job related tests.

It was proposed by Councillor Dr Jones, seconded by Councillor Adams, and

Resolved that the Committee note the report.

14c Service Measures and Targets 2016/17

This report presented the agreed Service Measures and Targets for 2016/17.

It was proposed by Councillor Mason, seconded by Councillor Dr Jones, and

Resolved that the Committee note the Service Measures and Targets for 2016/17.

15 Shropshire Fire Risk Management Services Ltd. Performance Reporting

This report provided information on the performance of the Fire Authority controlled company, Shropshire Fire Risk Management Services Ltd. (SFRMS). The appendix to this report contained exempt information and would, therefore, be considered in closed session at item 18.

It was proposed by Councillor Dr Jones, seconded by Councillor Mason, and

Resolved that the Committee note the report.

16 Local Government Act 1972

It was proposed by Councillor Kiernan, seconded by Councillor Mason, and

Resolved that, under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involved the likely disclosure of exempt information, as defined by the provisions of Part I of Schedule 12(A) to the Act, by virtue of Paragraph 3.

17 Exempt Minutes

Members received the exempt minutes of the Audit and Performance Management Committee meeting, held on 10 December 2015.

It was proposed by Councillor Mason, seconded by Councillor Dr Jones, and

Resolved that the exempt minutes of the Audit and Performance Management Committee meeting, held on 10 December 2015, be agreed and signed by the Chair as a correct record.

18 Shropshire Fire Risk Management Services Ltd. Performance Reporting

The Committee received the following appendices to report 15, which contained exempt information:

18a Financial Statements to 31 March 2016

18b Performance Update

An amended version of paper 18a – Financial Statements to 31 March 2016 was tabled. A copy will be placed on the signed minutes file for the meeting.

It was proposed by Councillor Hosken, seconded by Councillor Hurst-Knight and

Resolved that the Committee note exempt papers:

18a Financial Statements to 31 March 2016

18b Performance Update

The meeting closed at 4.35 pm.

These minutes were agreed by the Committee and signed as a correct record by the:

Chair.....

on

Date.....