

**Minutes of the Meeting of
Shropshire and Wrekin Fire and Rescue Authority
Standards, Audit and Performance Committee
held via Microsoft Teams
on Thursday, 24 September 2020 at 2.00 pm**

Present

Members

Councillors Adams, Blundell, Dee (Vice-Chair), Milner, Price, Sahota (Chair) and Thompson

Officers

Rod Hammerton	Chief Fire Officer	CFO
Dave Myers	Deputy Chief Fire Officer	DCFO
Simon Hardiman	Assistant Chief Fire Officer	ACFO
Joanne Coadey	Head of Finance	HoF
Ged Edwards	Planning, Performance and Communications Manager	PPCM
Adam Matthews	Group Manager Shropshire	GM
Lynn Ince	Executive Support Officer	ESO

External Bodies

Mr Percival and Mr Rowley	Grant Thornton, External Audit
Mr Chadderton and Ms Moir	Audit Services, Shropshire Council

1 Apologies for Absence

Councillor Minnery

2 Disclosable Pecuniary Interests

Councillor Dee declared an interest in item 10 on the agenda – Pension Board Minutes – as she is in receipt of a Fire Service Pension. Councillor Dee undertook to leave the meeting for this item.

3 Public Questions

None

4 Minutes

Resolved that the minutes of the Standards, Audit and Performance Committee meeting, held on 30 April 2020, be agreed and signed by the Chair as a correct record.

5 Statement of Accounts 2019/20

This report presented the completed Statement of Accounts for 2019/20 to the Committee for consideration and approval.

The HoF presented this report and explained that under the Accounts and Audit (Amendment) Regulation 2020 which was passed because of the Covid-19 pandemic the final audited accounts must be published by 30 November 2020.

The accounts have been audited by the external auditors, Grant Thornton, and their audit opinion will be received by the Committee at item 7 on this agenda. The use of the General Fund Balance was approved by the Fire Authority at its meeting on 24 June 2020.

In response to questions from Members, the HoF clarified that the draft Statement of Accounts was signed off in June 2020 and that the amendment to the Regulation, currently only applies to this year.

Resolved unanimously that the Committee:

- a) Approve the Statement of Accounts 2019/20 (subject to final auditor amendment); and
- b) Delegate final amendments following completion of the audit to the Head of Finance, in consultation with the Chair of the Committee.

6 Annual Governance Statement 2019/20 and Improvement Plan 2020/21

The purpose of this report was twofold: it set out the draft Annual Governance Statement (AGS) for 2019/20 and AGS Improvement Plan 2020/21 to be included in the Fire Authority's Statement of Accounts. It also reported on initial progress of activities contained within the 2020/21 Improvement Plan.

The PPCM presented this report and clarified that this report would normally be brought to the Committee at its July meeting, but it had been delayed by the Covid-19 pandemic.

Resolved that the Committee

- a) Agree the Annual Governance Statement 2019/20 and 2020/21 Improvement Plan for inclusion in the 2019/20 Statement of Accounts; and
- b) Note the progress made on the 2020/21 Improvement Plan.

7 External Audit - Audit Findings Report 2019/20

Mr Percival introduced the Audit Findings Report and highlighted that it had been a challenging year for all concerned. Delivering an audit is dependent on the information given by the organisation and Mr Percival praised the excellent support that had been given by the Service's Finance Team.

Whilst the audit is now substantially complete, the Shropshire Pension Fund information is outstanding. It is anticipated that this report will be received in week commencing 5 October which will allow the audit to be fully completed. Mr Percival also informed the Committee that it is likely that the audit will undergo a peer review. Members queried why this was needed and Mr Percival explained that it is a process which is used to ensure that a consistent approach is taken to audits, a kind of 'safety check' if you like.

Mr Rowley then presented the Audit Findings Report on the audit for the year ended 31 March 2020 and highlighted the following points in the report.

- Mr Rowley expressed his thanks to the Finance Team for their co-operation with the auditors
- Materiality for the financial statements is set at £470k which is based on a benchmark of 2% of the Authority's gross expenditure
- The audit has run smoothly, and the risks anticipated from the Covid-19 pandemic have not been realised meaning there are no issues to report related to this
- International Standards of Audit (ISA) 240 presumes the two risks set out on page 7 of the report for all organisations. The Revenue Cycle risk has been rebutted for this Authority and the Management Override of Controls risk has been tested and no significant issues identified in respect of this.
- The key specific entity risk is the Valuation of Land and Buildings as set out on page 8 of the report as the Authority has a significant portfolio which is revalued annually.

One issue was identified during testing of the revaluations for 2019/20 and required an audit adjustment. This concerned discrepancy in the building proportions used by the valuer in their calculations. A second valuation obtained by the Authority and subsequent adjustment resulted in a £400k increase in the value of land and buildings on the Balance Sheet. This adjustment is principally to aid users of the accounts and does not have any impact on the Authority's performance.

There is a material uncertainty due to the impact of the Covid-19 pandemic on many market sectors. An alert regarding this has been issued by the Royal Institute of Chartered Surveyors and whilst this is not a mandated requirement for inclusion in the Statement of Accounts, it is being seen in many documents this year. The Authority has included the appropriate wording, and this will be reflected in the audit opinion's 'emphasis of matter'. The CFO clarified that this is a largely academic issue as the Authority does not trade there is however a risk related to costs of rebuild for the estate. It is, therefore, important to ensure that the same valuation method is used each year.

- The valuation of the Pension Fund as set out on page 9 of the report is a material figure for the audit. As such, the Audit Team have assessed the actuary's valuation and inputs and the assumptions used for wage growth and inflation. Assurance has also been sought from the Pension Scheme Auditor and this should be received in early October.

Members noted that this is a significant risk for the Authority and asked if the Committee should be keeping a watch on the issue. Mr Rowley explained that in practice any impacts would be absorbed by the Authority's Pensions Reserve and the Firefighters Pension Scheme top-up grant. The effects of this issue are like that of the property element covered earlier in that there are no operational risks to the Authority. The CFO agreed that Mr Rowley was correct about there being no significant operational risks, but the Authority is reliant on the £1m grant from Government to balance the issue and this does need to be monitored as a significant risk.

- The Going Concern Assessment as set out on page 13 of the report considers the ability of the Authority to meet its financial obligations. The assessment concluded that the Authority has a pretty robust financial set-up with very good forecasting processes and sufficient resources available
- A significant amount of work has been undertaken on the Value for Money risk assessment and no significant risks have been identified. An unqualified Value for Money audit opinion will therefore be issued.
- The statement on page 17 of the report sets out the independence of Grant Thornton
- The Authority's Action Plan in relation to issues identified in the audit is set out on page 18 of the report. This includes two recommendations for action. The first concerns issues with Debtor and Creditor balances in the General Ledger which are a result of software issues. This has been identified early and a plan developed to address going forward. The second relates to extending cash flow forecasting to a period of 12 months after the likely sign-off of the audit opinion. This is a compliance issue which was overlooked when preparing the Statement of Accounts. It was rectified immediately once the issue was identified.
- Three of the four recommendations made in the 2018/19 audit have been actioned. The only one outstanding is the cash flow forecasting issue which has been addressed in this audit.
- As set out on page 20 of the report, adjustments have been made in relation to misclassification and disclosure changes. This includes additional disclosures in relation to the Covid-19 pandemic which will be included in most 2019/20 accounts and corrections to the administration points related to senior officer remuneration and related party transactions

- The Audit fees for the audit are as set out on page 21 of the report and it is confirmed that there are no non-audit fees to be paid.

The Chair thanked the Auditors and the officers for all their work on the audit.

Resolved unanimously that the Committee formally adopt the Audit Findings for 2019/20

Committee Clerk's Note

The Letter of Representation for the year ended 31 March 2019 will be signed at a later date by the Committee Chair, Chief Fire Officer and Treasurer (in accordance with the authority delegated to them by the Fire Authority at its meeting on 13 February 2012).

8 Annual Review 2019/20

This report presented the draft Annual Review (also known as the Annual Statement of Assurance) for 2019/20 and gave the Committee an opportunity to make comment on the draft, prior to it going forward to the full Fire Authority for consideration and approval.

The DCFO presented this report and explained that the Annual Review is a backwards looking document which covers the 2019/20 financial year. The DCFO then talked the Committee through the Annual Review which has, as in previous years, been produced as a Sway document.

Referring to the Future Plans section of the document, Members asked how the Service takes account of the additional housing and amenities that are being developed across the county. The DCFO explained that this falls in the Integrated Risk Management Planning cycle which considers the specific risks related to larger communities and infrastructure changes. Members then asked if there were any central funds that increase in proportion to the housing stock in an area. The DCFO explained that there is not, and the Service therefore must work within its budget envelope. There would however be an increase in the income from Council Tax precept if there is an increase in the number of dwellings within the county.

The Committee commented that they were pleased with the Annual Review document and suggested that a printed copy of the report be placed in libraries across Shropshire for public reference. The DCFO undertook to investigate the possibility of this.

Members also asked if there had been an increase in the number of fires during the lockdown period. The DCFO responded that he understood that there had been a downward trend in incidents during lockdown. The ACFO added that there had been 71 Accidental Dwelling Fires between April and September 2020 against a target of 78 so there appears to have been no significant increase in incident numbers even though it would be reasonable to expect numbers to rise. The fact that they have not may be attributable to people being more aware of their surroundings whilst at home.

Resolved that having made comment on the draft Annual Review 2019/20, the Committee recommend its adoption by the Fire Authority.

9 Corporate Risk Management Summary

This report updated Members on the status of risks on the Corporate Risk Register.

The PPCM presented this report and advised the Committee that no risks have been added to, or removed from, the Risk Register since the last report to this Committee in July. Apart from a reduction in the direction of travel for the data management risk, all other risk direction of travel indicators remain the same.

In relation to the Service disruptions due to Covid-19 risk, Members commented that they were aware that absence levels had reduced during lockdown and asked what had caused this. The DCFO explained that a fall in absence rates had been seen but this can currently only be explained by anecdotal evidence such as increased social distancing, restricted movement of staff and the prolonged break in school attendance reducing infection rates from colds and viruses.

Resolved that the Committee note the contents of the report.

10 Pension Board Minutes

The DCFO presented the minutes of the Pension Board meeting held on 3 June 2020 to the Committee and drew attention to the following matters.

- The Senior Pensions Officer has recently left Shropshire Council. This has been recorded on the Pension Board Risk Register due to concern about the loss of knowledge within the Pensions Team
- The Pension Board is to look at expanding its membership, which current consists of two employer and two employee representatives. This can cause issues with quorums for meetings.
- Three risks have been added to the Pension Board Risk Register. These concern additional risks to Pensions caused by the Covid-19 pandemic; the proposed Age Discrimination Remedy and the burden this may have on the Pensions and Finance Teams; and concerns about providers withdrawing from the market which gives a less competitive arena for administration contracts.

Members asked how the Pension Board intended to address the shortfall in membership. The DCFO explained that the intention is to increase the membership of the Pension Board but there must be equal numbers of employer and employee representatives. The Unions have approached their members for expressions of interest regarding Board membership.

Resolved that the Committee note the minutes of the Pension Board meeting, held on 3 June 2020.

11 Performance

11a Service Targets April to September 2020

This report presented a summary of the Service's performance from April to September 2020.

The ACFO presented this report and informed the Committee that the Service is making good progress against six of the seven service targets which is an improvement on the previous reporting period of April to June 2020. This is because performance against the Fires Confined to Room of Origin target has improved during this quarter.

The ACFO then talked through the Appendix to the report and highlighted the following issues

Target 1a – Response Standard

Further work is needed on this target as current performance for this period is 84.8% against a target of 89%. Monthly performance for this target dropped to 80% in August and the target has been looked at in depth. Investigations have shown that the performance for August can be attributed to technical issues following an upgrade of the Command and Control system in Fire Control which affected automatic status updates. This also caused a related issue which affected the transmission of data from the Mobile Data Terminals. These issues have now been rectified.

Target 2a – All Accidental Fires

Current performance is 165 against a target of 181 for the reporting period. If this performance can be maintained through the year the Service will achieve 396 incidents against a target of 433.

Target 2b – Accidental Dwelling Fires (ADFs)

There has been a reduction of 28 ADFs against last year's performance for the same period which puts the Service in a strong position to achieve this target. Analysis of the causes of the ADFs that have occurred show that the main factors are faulty electrics and appliances and misuse of equipment and appliances.

Target 2c – Deliberate Fires

Performance for this target is currently 155 incidents against a target of 217 which equals a 28.6% reduction on the target. If this is maintained over the year, then the Service will achieve 372 fires against the annual target of 520.

Target 3a – Fire Related Deaths and Serious Injuries

Performance remains the same as for the April to June reporting period with one serious fire injury being recorded since April and no fire related deaths.

Target 3b – Injuries to Staff through firefighting

There have been six injuries to staff recorded between April and September. Of these, four occurred at operational incidents and two during operational training. None of the incidents required RIDDOR reporting to be undertaken.

Target 4a – Fires Confined to Room of Origin

The Service narrowly missed this target in the reporting period from April to June. Performance for the current reporting period is 90.8% against a target of 89.5%.

The Committee commented that the report made very good reading and that all staff need to be commended for the Service's excellent performance.

Members noted that there had been an increase in deliberate fires in the Wellington area and asked what were reasons for this. The ACFO explained that work is ongoing with the Fire Crimes Officer to address the causes of deliberate fires. Members also noted that loose refuse seemed to be a prolific cause of deliberate fire incidents and asked if there was anything councillors could do to help address this issue. The ACFO responded that the assistance of local councillors is always welcome, for example by encouraging the reporting of fly-tipping and promoting education and prevention messages within their wards.

Resolved that the Committee note the report

11b Wholetime and On Call (Retained Duty System) Performance Monitoring June to August 2020

This report provided a summary of information, for June to August 2020, regarding the performance and management of availability across Wholetime and On Call (Retained Duty Systems) in Shropshire.

The GM presented this report and informed the Committee of the following issues

- Wholetime availability has remained at 100% for the reporting period
- Five wholetime transferees have joined the Service and five new recruits begin their training at the end of September. Two of the new recruits are also On Call employees within the Service.
- On call availability for the reporting period is 98.45% which is an increase of 2.25% on the same period last year
- There has been a decrease in availability recorded in August, but this is possibly due to the easing of the Covid-19 restrictions during this period
- The Group Support Team (GST) has mainly been providing support to Minsterley, Much Wenlock and Prees during this reporting period
- The total support provided by the GST during June – August is reduced compared to the same period last year. Again, this is possibly due to the Covid-19 lockdown meaning On Call employees were able to provide more cover during the day
- The Retained Sustainability Project has commenced and the Project Initiation Document and Scoping for this is currently being developed

Appendix A to the report gives an analysis of the following three On Call stations

Prees is currently down to five personnel. Recruitment options are being considered and there two applicants are undertaking Job Related Tests (JRTs) within the next month. There have also been four expressions of interests in On Call roles at Prees which could mean a possible six recruits joining in the future.

Albrighton has been affected by long-term sickness. They currently have on recruit undertaking the recruit course and one due to undertake JRTs.

Minsterley has also been affected by long-term sickness and has one recruit who will undertake the next recruit course

Appendix B to the report shows that Shropshire Fire and Rescue Service has the highest levels of appliance availability on the British mainland. The Committee congratulated the Service on this achievement and suggested that the excellent work set out in the report should be highlighted and publicised wherever possible.

Members commented that they were particularly pleased to see that six of the On Call stations had achieved 100% availability from April to September and acknowledged the time, work and effort which is put into achieving this, but which is not necessarily seen. A Member then queried if there were any vacancies at Oswestry. The AM explained that recruitment is constantly undertaken at all stations and undertook to provide information to the relevant Member regarding Oswestry.

The Committee also asked if there had been particular worries about Covid-19 for the On Call staff. The AM responded that On Call staff have adapted well to the pandemic. It has been difficult to establish 'bubbles' for On Call staff but the Service can restrict the impact of any outbreak if needed and can ensure that resilience is maintained. The ACFO added that there have been significant challenges in terms of the pandemic, but resilience measures have been put in place to address these. There is also the potential for increased recruitment opportunities due to changes in the way people are working.

The CFO concluded that the offer of Members to promote On Call recruitment is always welcome. The Service needs to sell its success story and that is why Fire Authority reports always give an open and honest description of the Service. The On Call Sustainability Review should hopefully, with the engagement of the workforce, provide answers to the pressing issues faced by the Service. Members then suggested that if the Service could provide a paragraph on its performance to Fire Authority Members, they could include this in their ward newsletters.

Resolved that the Committee note the report

12 Exclusion of Press and Public

Resolved that the Committee being satisfied in all the circumstances of the case that the public interest in maintaining the exemption outweighs the public interest in disclosing this information, formally resolve that the press and public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information, as defined in Paragraph 4 of Schedule 12A to the Local Government Act 1972.

13 Corporate Risk Management Summary (Paragraph 4)

The Committee received Appendix C to report 9 – Corporate Risk Management Summary, which was considered in closed session, as it contained exempt information.

Resolved that the Committee note exempt Appendix C to report 9.

The meeting closed at 4.05 pm.

Chair.....

Date.....