

**Minutes of the Meeting of
Shropshire and Wrekin Fire and Rescue Authority
Audit and Performance Management Committee
held at Headquarters, Shrewsbury
on Thursday, 9 June 2011 at 2.00 pm**

Members

Councillors Adams, Carter, Kiernan and Mellings (Vice-Chair)

Officers

Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer (Corporate, Performance and Operations), Treasurer, Principal Accountant and Management Support Officer

External Bodies

Mrs Mayne (Audit Commission)

Mrs Pilawski and Mrs Hall (Audit Services, Shropshire Council)

1 Apologies for Absence

Apologies for absence had been received from Councillor Dr Jones, Chair of the Committee. Councillor Mellings, as Vice-Chair of the Committee, took the Chair for the meeting.

The Chair informed the meeting that Councillor Dixon had lost his seat in the recent elections at Telford & Wrekin Council and that Councillors Eade and Mason were no longer sitting on the Fire Authority. The Chair then welcomed Councillor Carter, Telford & Wrekin Council, to his first Audit and Performance Management Committee meeting.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes

Members received the minutes of the meeting of the Audit and Performance Management Committee, held on 10 March 2011.

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

Resolved that the minutes of the meeting of the Audit and Performance Management Committee, held on 10 March 2011, be approved and signed by the Chair as a correct record

4 Public Questions

No public questions, statements or petitions had been received.

5 Audit and Performance Management Review of Committee Terms of Reference

This report asked Members to review the current Terms of Reference of the Audit and Performance Management Committee and make recommendations regarding any amendments required to the Fire Authority.

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

Resolved that the Committee, having reviewed its Terms of Reference, recommend the amendments set out in the report to the Fire Authority for approval

6 Review of Member Role Descriptions

This report asked the Audit and Performance Management Committee to review the current Role Descriptions for the Chair and Vice-Chair of the Committee, attached at Appendices A and B respectively, and the Role Description for the Member Champion for Risk Management and Audit, attached at Appendix C, and to make recommendations regarding any amendments required to the Fire Authority.

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

Resolved that the Committee, having reviewed the Role Descriptions for the Chair and Vice-Chair of the Committee and the Role Description for the Member Champion for Risk Management and Audit, recommend the amendments set out in the report to the Fire Authority for approval

At this point the Chair varied the order of the agenda, as Mrs Mayne from the Audit Commission had not yet arrived to present the papers listed at agenda item 7.

8 Response to Consultation on the Future of Local Public Audit

This report responded to the consultation paper issued by the Government on the future of public audit.

The Treasurer explained that a report on this issue had been prepared for the Fire Authority meeting on 15 June 2011 and sent out with the papers for that meeting on 7 June 2011. The proposed response from the Fire Authority is set out in Appendix B to the Fire Authority report and the Treasurer tabled this for discussion (a copy of which is attached to the signed minutes). Appendix B to the Fire Authority report had been marked 'to follow' and would be sent to Members after this meeting.

The Treasurer commented that the proposed Audit Committee may conflict with the wider role of this Committee, which includes performance monitoring.

Councillor Adams suggested, and the Committee agreed, that the response to Question 3 in Appendix B should be amended to read 'Yes, the National Audit Office or its successor body is a suitable candidate for the role'. Councillor Adams also suggested that the response to Question 6 should include reference to a requirement for the contracted company to take out insurance to cover possible failure to complete audits. The Treasurer undertook to make these changes and to circulate the document to the Fire Authority together with a covering note.

Councillor Carter commented that there would be best practice to be learned from other fire and rescue services that links to other bodies should be established. The Treasurer explained that it is anticipated that there will be a need to join with other public bodies. The Chief Fire Officer (CFO) commented that there may be opportunities for joint procurement of audit services with other fire and rescue services, e.g. Staffordshire. There is likely to be a cost issue but there might not be any opportunity to make savings. The CFO then suggested that it might be possible to maintain the current committee as a scrutiny panel and perhaps to join with Telford & Wrekin Council for the audit function.

The Treasurer informed the Committee that he had received a letter from the Government, which indicated that this process may be speeded up with changes being put in place for the 2012/13 audit.

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

Resolved that the Committee, having considered its views on the general thrust and implications of the consultation paper as well as specific responses to questions, agree that officers reflect these views in a report to the Fire Authority on 15 June 2011 in order that it may respond formally to the Department for Communities and Local Government

9 Internal Audit 2010/11 Summary Audit Report

Members received the 2010/11 Summary Audit Report from Internal Audit.

Mrs Pilawski clarified the assurance levels, as set out on page 3 of the report, and thanked Shropshire Fire and Rescue Service staff for their co-operation during the audits.

The Treasurer commented that it was encouraging to note the number of previous audit recommendations that had been implemented and acknowledged the work of the Risk Management Group in achieving this.

Councillor Carter asked if the aim was to achieve an assurance level of 'good' rather than 'reasonable'. Mrs Pilawski explained that this should be the case but that, in some circumstances, 'reasonable' may be better in terms of the costs etc that would be incurred in achieving 'good'.

The CFO explained that the new ways of working between Internal Audit and the Risk Management Group and the Chief Officers Group were still bedding in but processes had been clarified and improved, particularly regarding significant risks. Councillor Mellings acknowledged the achievements so far and commented that improvements were continuing.

Resolved that the Committee note the report

10 Annual Governance Statement 2010/11 and Improvement Plan 2011/12

This report set out the draft Annual Governance Statement (AGS) for 2010/11 and the AGS Improvement Plan 2011/12 to be included in the Fire Authority's Final Accounts for 2010/11.

The Assistant Chief Fire Officer (ACFO) explained that this report reflects the findings of both Internal and External Audit. The ACFO also suggested that the signing of the AGS documents be deferred to later in the year to tie in with the signing of the Fire Authority's Annual Accounts. The Committee agreed that this was logical and it was, therefore, suggested that the recommendation in the report be amended to read '... to be forwarded for signing at a forthcoming meeting of the Fire Authority.' rather than '... to be forwarded for signing at the meeting of the Fire Authority on 15 June 2011.'

Councillor Adams referred to the AGS Improvement Statement and asked about the Asset Management System, as detailed in IRN 2. The Deputy Chief Fire Officer explained that the Service knows what it needs to do and how to do it but an ICT issue needs to be addressed before work on the Asset Management System can be undertaken.

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

Resolved that the Committee give its approval for the draft Annual Governance Statement 2010/11 and the Annual Governance Statement Improvement Plan 2011/12 to be forwarded for signing at a forthcoming meeting of the Fire Authority

As Mrs Mayne from the Audit Commission had now arrived the Chair returned to item 7 on the agenda.

7 External Audit Matters

7a Annual Audit Fee 2011/12

Mrs Mayne explained that the audit fee for 2011/12 is in line with the scale fee and that technically there has been a reduction in the fee.

The Treasurer explained that officers had discussed the fee with the Audit Commission. As last year's fee was discounted, there appears to be very little difference in the fees for this year and last year. Officers have also requested that the Audit Commission look at further discounting the fee to take account of the Authority having the biggest reduction in Grant (9.5%). The Treasurer also clarified that the Audit Commission had given its assurance that the Authority will not be paying for the abolition of the Audit Commission. The cost of this will be borne by the Government and the Audit Commission itself.

Councillor Mellings asked about the timeline regarding the discount decision. The Treasurer explained that this is likely to be known in the summer.

Councillor Adams asked if inflation levels had been taken into account when the audit fees were set. Mrs Mayne explained that the scale fee is set and then any variation on this fee is justified on the basis of risk. She did not know if inflation was taken into consideration.

Resolved that the Committee note the contents of the document

7b Statement of Audit Progress

Mrs Mayne highlighted the weaknesses set out in the report, which require further substantive testing and which the Audit Commission, therefore, has a duty to report to the Committee. These weaknesses are identified in the Governance Statement document, which is in the public domain. It is, however, preferable that it is brought before the Committee in this format. Mrs Mayne then talked through the issues, as set out in the report.

With regard to paragraphs 11 and 12 of the report, which relate to Payroll, Mrs Pilawski explained that Internal Audit undertake an audit of Payroll every year and would alert the Authority, should anything be amiss. Written assurance of the Payroll system is provided to the Authority on an annual basis.

The Treasurer explained that the issues highlighted in the report have not been addressed in detail but the Authority is aware of all of them. There do not appear to be any that are material weaknesses.

Councillor Carter referred to paragraph 9 of the report regarding an issue with delegated limits and authorisation of an invoice. The Principal Accountant assured the meeting that this was a one-off occurrence.

Councillor Kiernan referred to paragraph 11 of the report and asked for clarification of what the payroll cut-off was. Mrs Mayne explained that the cut-off ensures that payroll costs are attributed to the correct financial year.

Resolved that the Committee note the contents of the report

7c Audit Commission Code of Audit Practice and the Statement of Responsibilities

Mrs Mayne explained that the Audit Commission operates under the Code of Audit Practice and the Statement of Responsibilities and that the Committee needs to be aware of this.

Resolved that the Committee note these documents

At this point, the meeting reverted to the original order of the agenda.

11 Audit Commission Value for Money Indicators 2011

This report detailed the results of the Audit Commission's 2009/10 Value for Money analysis of Fire and Rescue Authorities, taking data from a range of sources. The report also informed Members about areas where additional analysis is necessary to assist in further improving value for money.

The CFO gave a presentation, which highlighted the significant points, as set out in the report. A brief synopsis of the discussion generated by the presentation is given below.

Councillor Mellings commented that the report contained a lot of information, which was put into a valuable context and asked the CFO if there had been any major surprises in the information. The CFO commented that the level of spend per 1,000 population had been a surprise, as was the level of spend on the democratic core, especially when compared to similar authorities. Councillor Mellings commented that there was a degree of assurance relating to these issues, as the Fire Authority is a single service organization, which has taken a long-term view and started initiatives early.

Councillor Adams referred to issues over the allocation of grant, based on deprivation decrease. Councillor Carter referred to page 5 of the report and commented that they seem to be irrational figures and asked if the Authority was investigating this issue. The CFO reported that the information, obtained from civil servants, showed that areas of deprivation had improved, based on 2007 / 2008 / 2009 figures, i.e. before the recession. Challenge will be made, as the population figures have also been underestimated. Councillor Carter commented that as Cabinet Member for Regeneration in Telford & Wrekin Council, there had been significant improvements but the new town estates were a particular issue.

Councillor Carter asked about the issue of smoke alarms and batteries. The DCFO explained that smoke alarms were supplied with 10-year batteries, but there is an ongoing problem of the cost of maintenance of these alarms, especially as many are now needed to be replaced, because the batteries are failing. The Service has, therefore, decided that the replacement of smoke alarms will be left to the individual, unless they are classified as a member of a vulnerable group. The Service will, however, always provide advice, where needed.

Councillor Mellings asked if the recommendations needed to include procurement as an area for further analysis. The CFO confirmed that this did not need to be included in the recommendations but that area of the Service would be analysed following the completion of large expenditure projects.

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

Resolved that the Committee:

- a) Note the contents of this report; and
- b) Task officers with carrying out further analysis on the two significant areas for possible savings of: crewing / shift changes; and costs of corporate management and democratic services.

12 Financial Reporting Council – Update for Audit Committees

This report reviewed the questions raised by the Financial Reporting Council's report "Update for Audit Committees: Issues arising from current economic conditions" (November 2010). It then considered whether there were any matters of concern to be drawn to the Fire Authority's attention.

Councillor Adams asked if it was prudent to revalue volatile assets, such as land every year. The Treasurer explained that the Authority follows the guidance relating to this, which sets out that land should be revalued every five years, but keeps an eye on land values, particularly in urban areas or where there are significant concerns.

Resolved that the Committee agree that:

- a) It has been assured concerning issues arising from current economic conditions; and
- b) There are no matters about which it would require further information

13 Fire Authority Treasurer

This report asked the Committee to comment upon the recommendation, which is to be made to the full Fire Authority at its meeting on 15 June 2011, to outsource the role of Authority Treasurer to Shropshire Council through a Service Level Agreement.

Comments made by the Committee would be summarised and reported to the Fire Authority at that meeting.

The CFO explained that there was an opportunity, as a result of forthcoming maternity leave within the Finance Department, for a secondment to the Service from Shropshire Council.

Councillor Carter commented that the option set out in the report makes perfect sense and appears to be a 'win-win' situation.

The Committee agreed to support the recommendations in the report and the CFO explained that the report will be brought before the next Fire Authority meeting on 15 June 2011 for consideration.

As this was the last Audit and Performance Management Committee meeting that the Treasurer would be attending, Councillor Mellings thanked the Treasurer for all the support and advice that he had given to the Committee and commented that it had been a real pleasure to work with him.

Resolved that the Committee note the report, prior to its consideration by the full Fire Authority at its meeting on 15 June 2011

Mrs Pilawski and Mrs Hall left the meeting at this point (3.35 pm).

14 Summary of Compliments and Complaints 2008/09 to 2010/11

This report advised Members of summary details regarding the compliments and complaints received during 2010/11, with comparisons to 2008/09 and 2009/10.

Resolved that the Committee note the contents of the report

15 Performance Monitoring

15a Public Value Performance Measures 2011/12

This report provided a summary explanation of the underlying organisational performance measures that support the Authority's Public Value Measures.

Councillor Adams asked for a definition of 'localism'. The ACFO explained that there is a definition available on the Communities and Local Government website.¹

The ACFO explained that performance against the public value measures will be published in an accessible format, on a monthly basis, where achievable. The ACFO also commented that through the 2010 Public Value consultation process members of the public had indicated that 'attendance time' is the most important indicator.

Resolved that the Committee note the contents of the report

15b Performance against Best Value Performance Indicators

The Committee received an Exception Report on the agenda, providing a summary of key strategic performance issues. It was noted that areas of poor performance were being addressed through the Service Performance Group.

¹ See <http://www.communities.gov.uk/documents/localgovernment/pdf/1923416.pdf>

The ACFO explained that this is the last Best Value Performance Indicators report that the Committee will receive. The performance for the year will be included in the Annual Report, which is being taken to the Fire Authority for ratification on 15 June 2011.

Resolved that the Committee note the agenda summary given

15c Retained Duty System Appliance Availability

The Committee received a report on the agenda, which focused on retained appliance availability, together with tables, showing 2010/11 availability and comparisons from 2007/08 to 2010/11.

The CFO reported that Much Wenlock and Albrighton are still problem stations with regard to crewing levels. Cleobury Mortimer is also emerging as a problem station and there are concerns over Bridgnorth due to the closure of the aluminium factory.

Councillor Adams asked if it was correct that working as a retained firefighter can affect claims for Jobseekers Allowance following redundancy. The CFO confirmed that this was the case. Councillor Carter commented that there were similar issues with voluntary work and Jobseekers Allowance and asked if there was any ongoing debate relating to this. The CFO explained that there had been some debate a long time ago and that it was probably worth revisiting the issue. Councillors Carter and Adams offered help with this and the CFO undertook to put together a briefing pack and to approach MPs with regard to the issue.

Resolved that the Committee note the tables and agenda summary given

The meeting closed at 3.55 pm.

Chair.....

Date.....