



EAST SUSSEX FIRE AUTHORITY

SCRUTINY & AUDIT PANEL

THURSDAY 11 APRIL 2013 AT 11.30 hours

or at the conclusion of the meeting of the Policy & Resources Panel,
whichever is the later

MEMBERS

East Sussex County Council

Councillors Fawthrop, Healy, Livings, Sparks and Thomas.

Brighton and Hove Council

Councillors Carden, Duncan and Theobald.

You are requested to attend this meeting to be held at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, at 11.30 hours.

AGENDA

816. In relation to matters on the agenda, seek declarations of any disclosable pecuniary interests under Section 30 of the Localism Act 2011.
817. Apologies for absence.
818. Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items.

(Any Members wishing to raise urgent items are asked, wherever possible, to notify the Chairman before the start of the meeting. In so doing they must state the special circumstances which they consider justify the matter being considered urgently).
819. To consider any public questions and petitions.
820. Non-confidential Minutes of the last Scrutiny & Audit Panel meeting held on 15 November 2012 (copy attached).
821. Callover.

The Chairman will call the item numbers of the remaining items on the open agenda. Each item which is called by any Member shall be reserved for debate.

The Chairman will then ask the Panel to adopt without debate the recommendations and resolutions contained in the relevant reports for those items which have not been called.

- 822. External Audit matters – joint report of the Chief Fire Officer & Chief Executive, Treasurer and Monitoring Officer (copy attached).
- 823. Assurances to the External Auditor for the 2012/13 Audit – joint report of the Chief Fire Officer & Chief Executive, Treasurer and Monitoring Officer (copy attached).
- 824. Draft Annual Governance Statement for 2012/13 – joint report of the Chief Fire Officer & Chief Executive, Treasurer and Monitoring Officer (copy attached).
- 825. Sussex Control Centre audit update – report of the Chief Fire Officer & Chief Executive (copy attached).
- 826. 2012/13 Value for Money review – Business Intelligence – report of Councillor Sparks, Member Lead on the Review (copy attached).
- 827. Future Business Audit/Review Programmes for 2013/14 to 2017/18 – report of the Chief Fire Officer & Chief Executive (copy attached).
- 828. Standing Orders – Petitions – report of the Monitoring Officer (copy attached).
- 829. Standing Orders – Amendments to Contract Standing Orders – report of the Monitoring Officer (copy attached).
- 830. Scrutiny & Audit matters progress report (October 2012 to March 2013) – report of the Chief Fire Officer & Chief Executive (copy attached).
- 831. Exclusion of the Press and Public

To consider whether, in view of the business to be transacted or the nature of the proceedings, the press and public should be excluded from the remainder of the meeting on the grounds that, if the public and press were present, there would be disclosure to them of exempt information. NOTE: Any item appearing in the confidential part of the Agenda states in its heading the category under which the information disclosed in the report is confidential and therefore not available to the public. A list and description of the exempt categories are available for public inspection at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, and at Brighton and Hove Town Halls.

- 832. Specialist Internal Audit Review on compensatory rotas and other issues – joint confidential report of the Chief Fire Officer & Chief Executive and Treasurer (copy attached). (Exemptions 1, 3 & 4) Appendix to Panel Members only

ABRAHAM GHEBRE-GHIORGHIS
Monitoring Officer
East Sussex Fire Authority
c/o Brighton & Hove City Council

EAST SUSSEX FIRE AUTHORITY

Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, at 12:40 hours on Thursday 15 November 2012.

Members Present: Councillors Livings, Pidgeon, Rufus, Scott, Sparks (Chairman), Thomas and Waite.

N.B. Councillor Pidgeon attended the meeting in place of Councillor Theobald, Councillor Rufus in place of Councillor Duncan, Councillor Scott in place of Councillor Carden, and Councillor Waite in place of Councillor Fawthrop, having been nominated by the Deputy Monitoring Officer in consultation with the relevant Group spokespersons.

Also present:

Mr. D. Prichard (Chief Fire Officer and Chief Executive), Mr. G Walsh (Deputy Chief Fire Officer), Mr. G. Ferrand (Assistant Chief Fire Officer), Mrs. D. Williams (Assistant Chief Officer – Corporate Services), Mrs. C. Rolph (Assistant Chief Officer – People & Organisational Development), Ms. L. Woodley (Deputy Monitoring Officer), Mr. D. Savage (Treasurer), Mr. R. Charman (Director of Financial Services), Mr. P King and Ms. R. Coates (Ernst & Young Auditors) and Mrs. S. Klein (Clerk).

806. DISCLOSABLE PECUNIARY INTERESTS

806.1 It was noted that, in relation to matters on the agenda, no participating Member had any disclosable pecuniary interest under Section 30 of the Localism Act 2011. Councillor Scott declared that his brother-in-law worked full-time for ESFRS at Headquarters and as a retained firefighter at Rye.

807. APOLOGIES FOR ABSENCE

807.1 Apologies were received from Councillors Carden, Duncan, Fawthrop, Healy and Theobald.¹

808. ANY OTHER NON-EXEMPT ITEMS CONSIDERED URGENT BY THE CHAIRMAN/CHAIRMAN'S BUSINESS

808.1 There were none.

809. TO CONSIDER PUBLIC QUESTIONS OR PETITIONS, IF ANY

809.1 There were none.

810. NON-CONFIDENTIAL MINUTES OF THE LAST SCRUTINY AND AUDIT PANEL MEETING HELD ON 20 SEPTEMBER 2012

810.1 **RESOLVED** – That the minutes of the meeting of the Scrutiny & Audit Panel held on 20 September 2012 be approved as a correct record and signed by the Chairman. (Copy in Minute Book).

¹ It was agreed before the meeting that Members of the Policy & Resources Panel should substitute for Members of the Scrutiny & Audit Panel on this occasion.

811. **CALLOVER**

811.1 Members reserved the following items for debate:

813. Grievance Procedure Manual Note.

814. Scrutiny & Audit Matters Progress Report (July to September 2012)

812. **EXTERNAL AUDIT REPORTS TO THE FIRE AUTHORITY – ANNUAL AUDIT LETTER 2011/12**

812.1 Members considered a joint report of the Chief Fire Officer & Chief Executive, Treasurer and Monitoring Officer which sought their approval, on behalf of the Fire Authority, of the recently published Annual Audit Letter 2011/12. (Copy in Minute Book).

812.2 **RESOLVED** – That the Panel approve, on behalf of the Fire Authority, the recently published draft External Audit Annual Audit Letter 2011/12.

813. **GRIEVANCE PROCEDURE MANUAL NOTE**

813.1 Members considered a report of the Chief Fire Officer & Chief Executive that sought their approval of amendments to the existing East Sussex Fire & Rescue Service Grievance Procedure Manual Note. (Copy in Minute Book).

813.2 The existing Grievance Procedure Manual Note had been operating since February 2011 and had been recently reviewed. Members considered proposals to amend the procedure to remove the current Appeals Stage to the Fire Authority; an Appeal Stage, however, was still included within the procedure. The amendment incorporated the required Appeals Stage with either the Chief Fire Officer & Chief Executive or nominated Principal Officer and still allowed for the Fire Authority to hear a grievance if this was required due to the seniority of the member of staff raising the grievance.

813.3 **RESOLVED** – That the Panel approve the recommended changes, which changes the involvement of the Fire Authority, to enable consultation with representative bodies to commence.

814. **SCRUTINY & AUDIT MATTERS PROGRESS REPORT (JULY TO SEPTEMBER 2012)**

814.1 Members considered a report of the Chief Fire Officer & Chief Executive which presented a summary of progress on the main issues for which the Scrutiny & Audit Panel has responsibility. (Copy in Minute Book).

814.2 Paul King and Rose Coates were welcomed to the meeting and Mr. King explained that he was previously employed by the Audit Commission, but was now employed by Ernst & Young, the Fire Authority's new external auditors; Ms. Coates was the Fire Authority's new Engagement Manager. Although Mr. King was new to East Sussex Fire Authority he had previously worked with Essex and Bedford & Luton Fire Authorities, so had previous experience of auditing Combined Fire Authorities. The Auditors' immediate priorities were the 2012/13 Audit, and the resulting Audit Plan, and they would be working with officers to ensure this was soundly based. They had had an initial meeting with officers which was positive and productive, and would bring the Audit Plan to the next meeting of this Panel.

- 814.3 Councillor Scott was concerned that the target for the number of deaths in primary fires (which had been newly defined as the maximum threshold for fatalities and injuries) was set at 6 per annum; he felt that this was inappropriate and should be zero. The Chief Fire Officer & Chief Executive agreed that, whilst this seemed inappropriate, it had to be realistic and reminded Members that they had previously agreed the figure; he would, however, find out what targets other Fire & Rescue Services set for this indicator.
- 814.4 Councillor Livings questioned whether Corporate Risk 44 – collaboration with WSFRS excluding Sussex Control Centre – should still be rated BII (high likelihood and critical impact). The Chief Fire Officer & Chief Executive explained that this report covered the 2nd quarter, from 1 July to 30 September, and any change to the risk would be reflected in the next quarter’s report.
- 814.5 Councillor Rufus noted that sickness absence often increased during periods of stress, and asked whether this was happening within the organisation currently. The Chief Fire Officer & Chief Executive explained that new occupational health arrangements were in place to support staff and that reasons for absence were being analysed. There was no evidence that sickness absence had increased in M&CC during the recent reorganisations. ACO Rolph confirmed that uncertainty about the future of the Control Centre over the last few years had affected morale. She explained that the policy covering stress had been recently reviewed and all managers were being trained in identifying and dealing with stress and stress-related illnesses.
- 814.6 Councillor Thomas asked whether records were kept of when ESFRS vehicles were involved in RTCs – the Chief Fire Officer & Chief Executive confirmed that these figures were available, should Members want them.
- 814.7 **RESOLVED** – That the Panel notes the corporate progress made during the 2nd Quarter 2012/13 on Scrutiny & Audit Panel matters and within the context of all the other organisational work priorities being undertaken and, in particular:
- i. the outcome of the latest corporate risk review as set out in section 6 and Appendix A of the report; and
 - ii. the 2012/13 performance results for the 2nd Quarter available to date, as set out in section 7 and Appendices B and C of the report.

815. **EXCLUSION OF THE PRESS AND PUBLIC**

- 815.1 There were no items that required the exclusion of the press and public from the meeting

The meeting concluded at 13:20 hours.

Signed

Chairman

Dated this

day of

2013

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **11 April 2013**

Title of Report: **External Audit matters**

By: **Chief Fire Officer & Chief Executive, Treasurer and Monitoring Officer**

Purpose of Report: **To consider the proposals provided by Ernst & Young as our External Auditors as set out in separate appendices for Panel Members only (copies available on website and on request to the Clerk to the Fire Authority).**

RECOMMENDATION: The Panel is asked to approve the various reports issued by Ernst & Young, attached as separate documents, and as presented by the External Auditors at the meeting.

MAIN ISSUES

1. Ernst & Young, as our appointed External Auditors have recently published a number of documents relating to East Sussex Fire Authority which are attached as a separate appendices for Members only as follows:. (Copies are available on request from the Clerk/on the website).
 1. Audit Fee Letter 2012/13 – this matter was not reported to the January 2013 meeting as it was cancelled due to lack of other business and is now provided for information only
 2. Draft Audit Plan 2012/13
 3. Audit progress report 2012/13
 4. Audit Fee letter 2013/14
2. Paul King, who is our Engagement Lead, will attend the meeting to introduce the Plan and discuss matters arising.

**Des Prichard
CHIEF FIRE OFFICER &
CHIEF EXECUTIVE**

**Duncan Savage
TREASURER**

**Abraham Ghebre-Ghiorghis
MONITORING OFFICER**

28 March 2013

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **11 April 2013**

Title of Report: **Assurances to the External Auditor for the 2012/13 Audit**

By: **Chief Fire Officer & Chief Executive, Treasurer and Monitoring Officer**

Purpose of report: **To confirm the Panel's arrangements regarding compliancy issues on risk of fraud and other legal and regulatory requirements as required by External Audit to meet the latest International Standard on Auditing**

RECOMMENDATION: The Panel is asked to approve the report.

MAIN ISSUES

1. The most recent External Audit Plan which relates to the audit of the 2012/13 accounts is attached as a separate appendix to the previous agenda item for approval. (Agenda Item 822 – copy available on request to the Clerk or on the website). The Panel need to take cognisance of the audit issues to be covered by the External Auditors as set out in their Plan on Accounting Statements and Whole of Government Accounts and Value For Money in addition to the Assurances the Panel need to give which are covered in this report.
2. One of the requirements within the Plan is the need to confirm with Ernst & Young (our External Auditors) that satisfactory arrangements are in place regarding the Panel's arrangements for being assured of the organisation's compliancy issues on risk of fraud and other legal and regulatory requirements. This assurance is required by 30 April 2013 by External Audit to meet the International Standard on Auditing.
3. Members are reminded that both the Treasurer and the Monitoring Officer have statutory roles in relation to advising officers and Members on matters regarding the risk of fraud and legal compliance generally.
4. Appendix 1 sets out the compliancy issues upon which the Panel needs to be satisfied that it has understanding, knowledge and oversight upon.
5. Appendix 2 provides a summary of all the business reports presented or due to be presented to Scrutiny and Audit Panel from March 2012 to July 2013 with the standard reports that cover probity, corporate governance, risk and compliancy issues highlighted in blue. (Several reports are year-end reviews which cannot be reported until the July meeting, but are nevertheless a key part of our corporate assurance system and which the Auditors will examine in due course).

6. Appendix 3 summarises the corporate policies and processes that underpin these reports to support the compliancy statements necessary to provide assurances to the Panel.
7. The Panel is asked to confirm that the arrangements are sufficient to meet the assurance standards required.

Des Prichard
CHIEF FIRE OFFICER &
CHIEF EXECUTIVE
16 March 2013

Duncan Savage
TREASURER

Abraham Ghebre-Ghiorghis
MONITORING OFFICER

Assurances for the 2012/13 Audit

How the Scrutiny & Audit Panel exercises oversight of management's processes for:

- assessing the risk that the financial statements may be materially misstated because of fraud or error (including the nature, extent and frequency of these assessments);
- identifying and responding to risks of fraud, including any specific risks which management has identified, or brought to its attention, or classes of transactions, account balances or disclosures for which a risk of fraud is likely to exist;
- communicating to employees its views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the code of conduct);
- communicating to the Panel/those charged with governance the processes for identifying and responding to the risk of fraud or error.

How the Panel oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control? Whether the Panel is aware any breaches during 2012/13.

How the Panel gains assurance that the Authority has complied with all relevant laws and regulations? Are you aware of any instances of non-compliance during 2012/13.

Whether the Panel is aware of any actual or potential litigation or claims that would affect the financial statements.

Whether the Panel has carried out an assessment of the going concern assumption, and if so, whether the Panel has identified any events which may cast doubt on your ability to continue as a going concern?

A response from the Panel is requested to be provided to Rose Coates (RCoates@uk.ey.com) by 30 April 2013.

Summary of reports presented to Scrutiny & Audit Panel March 2012 to July 2013
(probity, corporate governance, risk and compliancy REPORTS highlighted in blue)

SCRUTINY & AUDIT PANEL
Agenda for Thursday 15 March 2012

- 753 Code of Conduct
- 754 Apologies
- 755 Urgent Items
- 756 Public Questions
- 757 Minutes of last meeting
- 758 Callover
- 759 Audit Commission Draft Audit Plan – 2011/12
- 760 Assurances to the Audit Commission for the 2011/12 Audit
- 761 Future of Local Public Audit – Update
- 762 2011/12 Value for Money Review – Procurement
- 763 Draft Value for Money and Business Audit/Review Programme for 2012/13 to 2016/17 to support the Fire Authority’s Efficiency and Improvement Agenda
- 764 2011/12 3rd quarter progress report on Key Task Areas and Corporate Projects
- 765 2011/12 3rd quarter performance results
- 766 2011/12 South East Fire Improvement Partnership (SEFIP) Regional Survey Benchmarking Report
- 767 Fire & Rescue Service National Framework for England – consultation draft response
- 768 Staff Survey 2010 and Investors in People Review
- 769 Exclusion of the Press and Public
- 770 Draft VfM and Business Audit Review Programme for 2012/13 to 2016/17

SCRUTINY & AUDIT PANEL
Agenda for Thursday 24 May 2012

- 771 Code of Conduct
- 772 Apologies for Absence
- 773 Urgent items/Chairman’s business items
- 774 Public questions and petitions
- 775 Non-confidential Minutes of the meeting held on 15 March 2012
- 776 Callover
- 777. Draft Annual Governance Statement for 2011/12
- 778. Internal Audit – Annual Report for the period 1 April 2011 – 31 March 2012
- 779. Internal Audit – Assessment of Internal Audit Needs
- 780. Operational Assessment (2010-2012)
- 781. Value for Money and Business Audit Programme for 2011/12 Progress Report
- 782. Corporate Risk Review and Outcomes 2011/12
- 783. Managing the Risk of Fraud – Update
- 784. 2011/12 4th Quarter Performance Results
- 785. 2011/12 Key Task Areas and Corporate Projects – outturn results
- 786. Environmental Issues – progress update – year 2011/12
- 787. Value for Money and Business Review Programme
- 788. Revision of Scheme of Delegated Functions
- 789. Review of Fatal Fires in 2011/12
- 790. Exclusion of the Press and Public
- 791. Confidential Minutes of last Scrutiny & Audit Panel meeting held on 15 March 2012
- 792. Bexhill and Lewes Fire Stations Specialist Internal Audit Review outcomes

SCRUTINY & AUDIT PANEL
Agenda for Thursday 20 September 2012

- 793. Code of Conduct.
- 794. Election of Chairman.

- 795. Apologies for absence.
- 796. Urgent Items.
- 797. Public questions and petitions.
- 798. Non-confidential Minutes of the last Scrutiny & Audit Panel meeting.
- 799. Callover.
- 800. Audit Commission's Annual Governance Report and Statement of Accounts 2011/12.
- 801. Sussex Control Centre – Governance Arrangements and Project Management Assurance.
- 802. 2011/12 Review of progress with Partnerships – report of the Chief Fire Officer & Chief Executive (copy attached).
- 803. Scrutiny & Audit matters – progress report (April to June 2012).
- 804. Exclusion of the Press and Public
- 805. Confidential Minutes of the last Scrutiny & Audit Panel meeting.

SCRUTINY & AUDIT PANEL
Agenda for Thursday 15 November 2012

- 806. Code of Conduct
- 807. Apologies for absence.
- 808. Urgent Items.
- 809. Public questions and petitions.
- 810. Non-confidential Minutes of the last Scrutiny & Audit Panel meeting.
- 811. Callover.
- 812. External Audit Reports to the Fire Authority – Annual Audit Letter 2011/12.
- 813. Grievance Procedure Manual Note.
- 814. Scrutiny & Audit Matters progress report (July to September 2012).
 - External Audit issues
 - Internal Audit issues
 - Value for Money Reviews – 2012/13 work plan
 - Operational Assessment and Fire Peer Challenge
 - Governance issues – update
 - Corporate risk issues – 2012/13 2nd quarter review
 - Performance issues
 - 2012/13 2nd Quarter Community Performance Results
 - 2012/13 2nd Quarter ESFRS Key Task Areas and Corporate Project results
- 815. Exclusion of the Press and Public.

SCRUTINY & AUDIT PANEL
Agenda for Thursday 11 April 2013

- 816. Code of Conduct
- 817. Apologies for absence.
- 818. Urgent Items.
- 819. Public questions and petitions.
- 820. Non-confidential Minutes of the last Scrutiny & Audit Panel meeting.
- 821. Callover.
- 822. External Auditor draft Audit Plan – 2012/13

- 823. Assurances to the External Auditor for the 2012/13 Audit
- 824. Draft Annual Governance Statement for 2012/13
- 825. Sussex Control Centre audit update
- 826. VFM Review of Business Intelligence
- 827. Future Business Audit/Review Programmes for 2013/14 to 2017/18
- 828. Standing Orders – Petitions
- 829. Treasury Management Strategy – consideration of including ethical considerations
- 830. Scrutiny & Audit progress report (October 2012 – March 2013)

Value for Money issues – 2012/13 remaining review outcomes

Operational Assurance Assessment progress update

Governance issues

Corporate risk issues

- 2012/13 3rd quarter review

- Managing the risk of fraud

Performance issues

2012/13 3rd quarter Performance Results

2012/13 – 3rd quarter progress report on Key Task Areas and Corporate Projects

Capital Schemes monitoring

Confidential Internal Audit report on operational pay

INDICATIVE AGENDA ITEMS - SCRUTINY & AUDIT PANEL

Agenda for Thursday 11 July 2013

Election of Chairman

Election of Vice-Chairman

Sussex Control Centre audit update

Internal Audit – Annual Report for the period 1 April 2012 – 31 March 2013

Internal Audit – Assessment of Internal Audit Needs

Scrutiny & Audit progress report performance outturns for 2012/13 and any updates for April to June quarter

Corporate Risk Review Outturn 2012/13

Environmental Issues outturn 2012/13

2012/13 4th Quarter Performance Results

2012/13 Key Task Areas and Corporate Projects – outturn results

Review of Fatal Fires in 2012/13

Scrutiny & Audit Panel overview – summary of relevant corporate policies and procedures

SECTION 1 Management processes in relation to:

How the Scrutiny & Audit Panel exercises oversight of management's processes for:

- assessing the risk that the financial statements may be materially misstated because of fraud or error (including the nature, extent and frequency of these assessments);
- identifying and responding to risks of fraud, including any specific risks which management has identified, or brought to its attention, or classes of transactions, account balances or disclosures for which a risk of fraud is likely to exist;
- communicating to employees its views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the code of conduct);
- communicating to the Panel/those charged with governance the processes for identifying and responding to the risk of fraud or error.

MEMBERS' HANDBOOK

1. All strategic corporate governance documents including the Members Handbook are on our website esfrs.org under East Sussex Fire Authority/ Corporate Governance. This gives a general introduction to the scope /theme of arrangements.
 1. Terms of Reference for Panels of the Authority
 2. Contract Standing Orders
 3. Financial Regulations
 4. Delegated Functions
 5. Codes of Conduct for Members and Employees including Antifraud and Corruption Strategy and related Whistleblowing policy.
2. Relevant sections of the Members Handbook are reviewed annually and any changes of significance are brought before the Scrutiny and Audit Panel, but primarily the reviews are considered by the Standards Panel within its remit. Material changes to the Fire Authority Strategies are considered by the Policy and Resources Panel, or less material changes agreed by Principal Officers/CMT as required.
3. If there is any need to improve upon other contents of the Members Handbook, the appointed officers of the Authority have delegated powers to make any minor changes with more fundamental ones being reported to the relevant Panels for consideration. An amended version of the Members Handbook is issued in time for the CFA AGM in May/June.

MEMBER DEVELOPMENT

4. The Fire Authority has been awarded the South East Charter for Fire Authority Member Development by the South East Employers, Charter for Member Development and the Local Government Association. The Development programme completed so far and future plans will assist all Members to fulfil their respective member roles in order to achieve the authority's aims and objectives.

SCRUTINY & AUDIT PANEL

5. The Scrutiny & Audit Panel has key responsibilities for the management of audit, regulatory framework issues, accounts and scrutiny and performance review arrangements. (See Section B of the 2012/13 Member Handbook on the website on the terms of reference of the Scrutiny and Audit Panel)
6. The compliance with the terms of reference can be illustrated by the Panel's workload in relation to the type of report and subject matter over the course of the last year attached as Appendix 2 to this report. The key reports that related to the Internal Audit programme managed by ESCC on an independent basis and internal reviews which cover/potentially cover fraud issues are highlighted in bold. These are also available on the website.

KEY CORPORATE GOVERNANCE STATEMENT

7. The annual summary of outcomes for all these issues is covered in the Fire Authority's Annual Governance Statements. These are presented to the Scrutiny and Audit Panel annually in the spring for prior approval before being included in the accounts. Changes in regulations make inclusion within the accounts for 2012/13 optional, but the report is still brought before the Panel for consideration (report elsewhere on the agenda).

CORPORATE RISK

8. The Fire Authority has mature Corporate Risk Management arrangements in place which are also under the remit of this Panel to support standards of corporate governance.
9. Members have refresher training on corporate risk management issues – the next one will be organised after the new fire authority AGM in June as there will be a number of new Members.
10. Both CMT and the Panel have quarterly reviews of corporate risk and if the risk of fraud were raised, then this would have been picked up on the Corporate Risk Register and a heightened mitigation plan brought forward for approval, but there has been no such need in 2012/13.
11. As part of the mature Corporate Risk Management Arrangements, the varying risks of fraud are assessed regularly across our functional areas in line with the national guidance document 'Managing the Risk of Fraud'. A corporate risk assessment action plan has been put into place to reduce all our potential risk of frauds to a low risk category. This function is performed by our Corporate Risk Manager who has been working with the finance team at ESCC and ESFRS seeking to reduce the risk in all areas to low by improving upon control measures.

This was largely achieved at the **end of year 2010/11**. Progress is reported to Corporate Management Team (CMT) at year end and there are no issues which have been raised in the year-end report 2012/13.

12. On a more general note, CMT receive and consider key pre-Panel reports and also sign off some reports which do not need to be reported to the Panel as there are no material issues to report bearing in mind that the end of year results are reported in the Annual Governance Statements.

PROCUREMENT

Contract Standing Orders

13. Contract Standing Orders are kept up to date through the Members Handbook annual reviews and have been written to help users go through effective tendering arrangements in a chronological order. ESFRS has run two management training courses to cover the financial year 2012/13 (23/10 and 13/11) to support corporate governance related matters. Contract Standing Orders are supported by the Procurement Strategy and ESFRS Procurement Manuals. Tenderers have to complete the necessary tender checks and ESCC evaluate their financial viability at appropriate levels. The Corporate Services Directorate has a Strategic Finance Manager to oversee Strategic Procurement supported by a procurement and corporate risk management support team to assist functional managers. Specialist legal and contract legal advice is accessed under our legal services contract with the City.

Financial Regulations & Delegated functions

14. Financial Regulations are supported by a range of ESFRS Manuals including those on delegated financial management, budget monitoring and specific issues. CMT receive monthly budget monitoring reports from the ESFRS financial team who have worked with all ESFRS budget managers during the preceding month to examine budget variations and review queries.
15. The ESFRS financial team check on commitments to establish whether they are still valid, reconcile issues such as procurement cards and monitor petty cash and personal claims including subsistence claims supported by VAT receipts etc. as well as standard allowances. ESFRS uses the SAP system and the management controls and access levels are in place and reviewed regularly including by Internal Audit as part of their cyclical reviews. Dual functioning is not allowed and passwords dictate functions able to be performed. The Fire Authority's financial arrangements are overseen by the Treasurer as supported by the professional financial services team at ESCC who provide key professional services and advice and their services are in turn reviewed by Internal and External Audit as part of the managed audit arrangements. Monthly management meetings have taken place between the Treasurer, ACO (CS) and the Director of Financial Services and Strategic Finance Manager to overview all financial management matters in 2012/13. Arrangements from 2013/14 will be more effective with the Treasurer to the Fire Authority now being appointed direct. Regular liaison arrangements with key ESCC Financial Services staff due to this change will now be arranged.

16. Any variances are reported to the Policy and Resources Panel. Internal Audit prepares an annual outcome report on the findings of all audits undertaken, but once more any material issues identified would be brought before the Panel.
17. Any material matters of financial probity issues would be reported to the Scrutiny and Audit Panel in the next reporting period or issues of a more minor nature summarised at year end.

Financial monitoring reporting

18. The Policy & Resources Panel rather than the Scrutiny & Audit Panel receive a quarterly report on the monitoring of Revenue Budget and Capital Programme spend against budget. (Corporate Management Team receives them on a monthly basis). Any material concerns are raised in these linked reports. These reports identify all significant variations across all budget heads and capital programme projects. There are also crossover links between the P&R Panel and S&A Panel to ensure S&A Panel members can raise an issue should they be concerned.
19. Should a case of fraud be suspected by a member of staff, manager or even externally, internal audit are called in to investigate. **There have been no cases of fraud detected in 2012/13.**
20. Should a misstatement or error occur, it would be most likely to be identified first from these regular monitoring processes. It would be reported via CMT and then referred to the P&R Panel as required/advised by the Treasurer/Internal Auditor Scrutiny & Audit would receive an associated report to cover their responsibilities on such matters. **There have been no misstatements which have occurred/ been identified to date.**
21. **There have been no material errors identified in 2012/13.**

CODES OF CONDUCT FOR MEMBERS AND EMPLOYEES INCLUDING ANTI-FRAUD AND CORRUPTION STRATEGY AND RELATED WHISTLEBLOWING POLICY

22. Management's commitment to upholding 'Our Values' is a key principle within the organisation to ensure issues such as honesty, respect, and integrity are upheld by managers and staff alike not only to make the Service an enjoyable place to work but one that is free from threat, intimidation and malpractice.
23. All Members and ESFRS managers attend the annual corporate governance training events.
24. All employees have a set of leaflets which are also available on the intranet and website including specific leaflets on antifraud and corruption and whistleblowing.
25. Station inspection routines also look at key administrative systems
 - a. Payroll validation checks are in situ
 - b. Pension validation checks are in situ
 - c. ESFRS participate in the National Fraud Initiative and any cross matches are followed up.

SECTION 2 Management's awareness of the processes for identifying and responding to the risk of fraud and possible breaches of internal control. Whether the Panel is aware any breaches during 2012/13?

Any issues in relation to actual or alleged instances of fraud are the subject of an Internal Audit review. Any matters of severity would be reported to the Panel at the next meeting. Otherwise, the annual Internal Audit summary report will contain any issues which have arisen during the year.

SECTION 3 How management gains assurance that the Authority has complied with all relevant laws and regulations? Are you aware of any instances of non-compliance during 2012/13?

Through the role of the Monitoring Officer and the day to day working relationship the Deputy Monitoring Officer has with Principal Officers of the Service. As set out above and including the Internal Audit Review programme which is more aligned to areas of risk than in previous years.

ESCC Finance processes and procedures

ESFRS Finance and Procurement Section manuals and written procedures

There have been no instances of statutory and regulatory non-compliance identified in 2012/13.

SECTION 4 Whether there is any potential litigation or claims that would affect the financial statements.

There remain potential insurance claims relating to the Marlie Farm incident which have previously been declared as contingent liabilities in the statement of accounts and will be similarly declared this year. These civil claims are not expected to be resolved until later in 2013/14 at the earliest. We have had one employment claim under consideration for 2012/13. No other employment claims are outstanding. All other insurance/injury claims are being managed by our insurers for which cover is available.

Based upon the above summary, it is considered that the processes underpinning the Panel's work, the reports presented to the Panel as well as the arrangements in place for reporting to the Panel if required, is sufficient to provide the Panel with an effective overview of soundness of the management arrangements. "

SECTION 5. Whether the Panel has carried out an assessment of the going concern assumption, and if so, whether the Panel has identified any events which may cast doubt on your ability to continue as a going concern?

The Policy & Resources Panel are responsible for the Strategic Plan within the context of available resources. This Panel has undertaken a long term and rolling programme of Service Prioritisation to help manage the strategic resourcing gap. Further projected reductions in government grant from 2015/16 onwards have caused the Fire Authority to consider ever more stringent reductions in service costs to meet projected available resources.

The Fire Authority has already achieved savings of £7m on a budget of just under £39.079m in 2013/14 with further savings required of between £3.4m and £6m by 2017/18. Discussions are already under way on how best to close this additional strategic resourcing gap and the Medium Term Plan public consultations which were undertaken in Autumn 2012 have already been endorsed by the Fire Authority as setting the broad strategic framework from within which further savings must be planned and delivered.

The Authority has not overspent at year end, nor is it expected to in 2012/13 as reported and Reserves remain healthy. Policy and Resources Panel agenda papers are also sent to Scrutiny & Audit Panel members for information/consideration.

The Treasurer would raise any issues of material concern and, as such, the Panel has not identified any events which might cast doubt on the Fire Authority's ability to continue as a going concern for 2012/13, 2013/14 and 2014/15. The Fire Authority is fully aware of the hardening financial environment over the medium term and whilst our previous attempts to merge with WSFRS will not be achieved in the foreseeable future, increased collaboration is taking place the Sussex Control Centre with a go live date expected in late March 2014, and shared learning and development opportunities are another possible area being given active consideration. In terms of the current predicted strategic resources gap for 2014/15 and 2015/16, it remains manageable within the available resources of the Authority, however the position is expected to deteriorate further from 2016/17 onwards based upon current resource projections and plans are already being put into place to prepare for this eventuality. (Policy & Resources Panel April 2013 confidential agenda item 884).

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **11 April 2013**

Title of Report: **Draft Annual Governance Statement for 2012/13**

By: **Chief Fire Officer & Chief Executive, Treasurer and Monitoring Officer**

Purpose of Report: **To seek the Panel's approval of the draft Annual Governance Statement for 2012/13 to accompany the draft Statement of Accounts 2012/13.**

RECOMMENDATION: To approve the draft Annual Governance Statement set out as Appendix A which is expected to present a fair and unbiased overview of our corporate governance arrangements for 2012/13 to accompany the Statement of Accounts.

MAIN ISSUES

1. The Fire Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Fire Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency, and effectiveness. In discharging this overall responsibility, Members and senior officers are responsible for putting in place proper arrangements for the governance of the Fire Authority's affairs, the effective exercise of its functions, the management of risk and the stewardship of the resources at its disposal.
2. These arrangements have to be summarised in an Annual Governance Statement in a nationally agreed format which has to accompany the Statement of Accounts, but under recent national guidance no longer needs to be included within them. In essence, the Annual Governance Statement is the formal statement that recognises, records and publishes an authority's governance arrangements as defined in the framework. Authorities need to recognise that this is a corporate issue, affecting everyone in the organisation. It is also important to recognise that the purpose of the Annual Governance Statement is not just to be 'compliant', but also to provide an accurate representation of the arrangements in place during the year and to highlight those areas where improvement is required.

3. A previous version of this report and the accompanying draft Annual Governance Statement was presented to Corporate Management Team at its meeting on 1 March 2013 for approval and to ensure that CMT had the opportunity to raise any further issues of materiality for possible inclusion in the draft version for the Panel's consideration and allow time to resolve any key issues.
4. The latest National Framework expects FRAs to produce operational statements of assurance as well as the assurances within the Annual Governance Statement. A draft operational statement of assurance will be presented to the next Scrutiny & Audit Panel for its consideration, with the expectation the various sections will be merged into this one, subject to further guidance from DCLG.

Des Prichard
CHIEF FIRE OFFICER &
CHIEF EXECUTIVE
22 March 2013

Duncan Savage
TREASURER

Abraham Ghebre-Ghiorghis
MONITORING OFFICER

DRAFT East Sussex Fire Authority

**Annual Governance Statement for the year ended 31 March 2013
(changes from previous year highlighted in yellow)**

1. Background

East Sussex Fire Authority, as the authority which runs East Sussex Fire and Rescue Service, is responsible for ensuring that there is a sound system of Corporate Governance which facilitates the effective exercise of the Fire Authority's functions and which includes arrangements for the management of risk.

The Department of Communities and Local Government recognise "proper practice" in relation to Corporate Governance, as contained in the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2007)*. The new "proper practice" builds on existing disclosure statement requirements by extending the existing legislative requirements, governance principles and management processes relating to the whole organisation and the activities through which it accounts to, engages with and leads its community.

This Annual Governance Statement summarises how the Fire Authority has complied with its Local Code and also meets the requirements of the Accounts and Audit Regulations 2011. A copy of the Local Code is on our website at www.esfrs.org or can be obtained from the Fire Authority's Clerk.

2. Scope of responsibility

East Sussex Fire Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Fire Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency, and effectiveness. The required arrangements are set out in the DCLG guidance issued in 2011/12 which have been included the **current** version of our Service Planning, Use of Resources and Value for Money Strategy. In discharging this overall responsibility, Members and senior officers are responsible for putting in place proper arrangements for the governance of the Fire Authority's affairs, the effective exercise of its functions, the management of risk and the stewardship of the resources at its disposal. To this end, East Sussex Fire Authority has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

3. Purpose of the governance framework

Good governance is about how a local authority, including a Fire Authority, ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

Our governance framework comprises the systems, processes, culture and values by which the Fire Authority is directed and controlled. Through effective governance, the Fire Authority is accountable to, engages with and, where appropriate, leads the community.

The Fire Authority has agreed procedures forming a constitution which sets out how it operates, how decisions are made and the processes which are followed to ensure these are efficient, transparent and accountable to the community. Many of these processes are required by statute, while the Fire Authority has determined others locally. The constitution sets out the basic rules governing its formal business.

From 2007/08, the governance responsibilities were charged to the Scrutiny & Audit Panel and also to the Standards Panel. The role of approving this Statement and recommending the Code of Corporate Governance for adoption by the full Fire Authority falls to the Scrutiny & Audit Panel. Also the responsibility for the approval of the Statement of Accounts and the related Annual Governance Report falls to this same Panel.

The Local Code of Corporate Governance can provide only reasonable and not absolute assurance that the Fire Authority achieves its aim of good governance. Equally, the Fire Authority's system of internal control is designed to identify and prioritise the risks to the achievement our policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage those risks efficiently, effectively and economically. It cannot eliminate all risk of failure; it can therefore only provide reasonable and not absolute assurance that our policies, aims and objectives are achieved.

The Local Code, which was substantially revised during 2008/09, and the system of internal control have been in place at East Sussex Fire Authority since 31 March 2009.

4. Policy and decision making

In discharging its statutory duties in the provision of services, the Fire Authority's constitution provides details of the decision making process for the Fire Authority as a whole. The Fire Authority's constitution is available on our website and is reviewed by the Monitoring Officer on a regular basis and regular reports are received by the relevant Panels relating to proposed changes. The Fire Authority's key Panel for policy and resource planning is the Policy & Resources Panel. Reports of all Panel meetings are presented to the full Fire Authority for consideration at its next meeting. All Fire Authority and Panel meetings held are open to the public, unless the items being discussed are considered to be private under the Local Government Act 1972; these will include staffing, legal matters and those of a contractual nature.

All Fire Authority and Panel agendas are posted on the Fire Authority website and copies of agendas are posted at Service Headquarters and issued for posting at Brighton & Hove City Council and East Sussex County Council main reception offices. All non-confidential agenda CFA and Panel papers are also posted on the website with hyperlinks to detailed supporting appendices where relevant.

5. Establishment and monitoring of corporate and service objectives

The Fire Authority's Medium Term Plan (MTP) (five year) is approved by Members and provides details of the medium term corporate priorities and community risks it is seeking to improve. The Fire Authority's Annual Plan summarises the improvement agenda for the forthcoming year to meet our Strategic Aims. These have been reduced from 3 to 2 following consultation on the latest draft MTP over the period September to December 2012. Targets for the forthcoming year are also provided along with a summary of performance achievements for the previous year. Targets are reviewed and updated on an annual basis and, where appropriate, further refined during the year based upon actual results.

The Medium Term Plan covers not only corporate planning requirements but the need for all FRAs to undertake Integrated Risk Management Planning. Due to the complex nature of the supporting evidence for both aspects, two separate detailed supporting documents are prepared which underpin the main Plan to allow it to be presented in a simple, short, easily readable and digestible format. These two supporting appendices provide key evidence on local community risk management issues in one document and service planning, corporate risk, capital asset and IT strategies and matching resources to available funding in the other. All three documents are available on the website.

The Annual Plan also sets out a key summary of resources being used to meet service commitments.

Copies of all our planning documents can be found on our website at: <http://www.esfrs.org>. The Annual Plan establishes in detail our improvement priorities and these feed down through to Corporate Business Plans for each Directorate to follow as well as our Borough Plans for each of our 6 Borough Command areas and local station action plans. Our personnel can then understand where they fit into achieving our overall policy priorities and staff development appraisals help to ensure there is a "Golden Thread" from the strategic to each functional area.

Our key Performance Plans include information on our corporately agreed performance targets. These targets are cascaded through all the Plans and are time specific. Performance on our top 32 performance indicators with supporting performance measures to focus strategic attention on key issues is monitored by the Corporate Management Team (CMT) and the Scrutiny & Audit Panel on a quarterly basis giving details of the progress to date and what management action is being taken to correct any adverse performance.

Since 2009/10, our key plans have been supported by improved community profiling information commensurate with the particular aims of the Plans. Local community risk information ensures that they are properly aligned to meet the diverse needs of local communities and help to mitigate the community risks across our local areas. This key intelligence will help us to ensure our services are prioritised to meet the greatest needs of vulnerable people and work with our partners to ensure our collective efforts protect them from life risk and injury.

6. Audit Commission Annual Governance Statement and Annual Audit Letter 2011/12

The Audit Commission's Comprehensive Area Assessment (CAA) ceased in 2010/11 following the change in government, although the complementary Operational Assessment regime continues in force. Copies of all previous Audit Commission assessments are available on our website at www.esfrs.org and a summary of their conclusions is also included in our Annual Plan.

The most recent Audit Commission Annual Governance Statement was considered by the Scrutiny & Audit Panel in September 2012. Extracts are summarised below:

Extracts of External Auditor's Annual Governance Report to Scrutiny & Audit Panel September 2012

"I am required to conclude whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is the value for money conclusion. I assess your arrangements against the two criteria specified by the Commission. In my Audit Plan, I reported to you the significant risks that were relevant to my conclusion. I intend to issue an unqualified conclusion stating that the Authority has proper arrangements to secure economy, efficiency and effectiveness in the use of its resources."

Value for money criteria and key messages

1. Financial resilience	Key Messages
The organisation has proper arrangements in place to secure financial resilience.	
<i>Focus for 2011/12:</i>	
<i>The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.</i>	<i>The quality of financial governance and leadership within an organisation is critical in meeting the financial management challenges and for securing financial resilience. Although good basic systems, controls and processes are important, it is the overall financial culture that is key. East Sussex Fire Authority has a strong culture of financial leadership provided by experienced and knowledgeable officers who have been able to respond to the scale of financial challenges arising from cuts in government funding.</i>
	<i>Tight financial control is maintained over revenue budgets; over successive years the annual out turn has been close to expectations. For 2011/12, the Authority achieved an under-spend of £80,000. On occasions where there are larger variances than expected, for example in relation to an increase in the costs of a capital project, the Authority is quick to investigate and learn from any weaknesses</i>

Criterion	Key Messages
1. Financial resilience (cont.)	<p>The Authority's financial planning and modelling extends over the medium term, which allows it to take decisions in a planned way, allowing for the lead-in time that is necessary in implementing organisational change. In setting the 2012/13 budget during February 2012, the Medium Term Financial Strategy highlighted £2.4m savings would be required by 2016/17. Between February and July, a programme of savings arising from Service Prioritisation reviews has been agreed to be implemented, taking effect from March 2013, which will deliver the Medium Term Financial Strategy. These proposals are the subject of the statutory consultation processes taking place until December 2012 when final decisions will be made on them or equivalent alternatives, which will need to achieve the same level of saving. Over the same timescale the Authority has been extending its forecast to 2017/18 and this is identifying the need for further substantial savings as the impact of the funding review from 2013 is expected to reduce government grant further. The Authority is therefore facing an increasingly challenging environment in terms of achieving significant savings and maintaining financial resilience.</p>
2. Securing economy, efficiency and effectiveness	
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.	
Focus for 2011/12:	
The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity	The Authority has an established framework for challenging how it secures economy, efficiency and effectiveness. This links the Authority's planning and review process and has been in place for a number of years. A forward plan of value for money reviews is in place and covers a cross section of specific service related topics and strategic activity.
<p>Conclusion On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, East Sussex Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.</p>	

The most recent Audit Commission Annual Audit Letter was considered by the Scrutiny & Audit Panel in November 2012 which was reported on to the Fire Authority in December 2012, which summarised the Fire Authority's current arrangements. This is also set out below:

East Sussex Fire Authority Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of East Sussex Fire Authority.

Financial statements and value for money conclusion

On 20 September I presented my Annual Governance Report to the Scrutiny and Audit Panel. This outlined the findings of my audit of the Authority's 2011/12 financial statements and the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources. I will not repeat the detailed findings in this letter.

Following the Scrutiny and Audit Panel on 20 September:

- issued an unqualified opinion on the Authority's 2011/12 financial statements included in the Authority's Statement of Accounts;
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources; and
- certified completion of the audit.

I am pleased to report that the Authority once again produced a sound set of financial statements supported by good working papers. The Authority continues to demonstrate strong financial management and has robust arrangements in place to ensure value for money.

Closing remarks

Whilst the external environment remains a challenging one for all local authorities, East Sussex Fire Authority recognises the scale of the challenges ahead and has plans or is developing plans to help deliver the changes that will be needed in the future.

I have discussed and agreed this letter with the Assistant Chief Officer as well as the Authority Treasurer. I wish to thank senior management, the Scrutiny and Audit Panel and the finance staff for the positive and constructive approach they have taken to my 2011/12 audit.....

Appointed Auditor, Audit Practice, Audit Commission.

Ernst & Young have now been appointed as the Fire Authority's Auditors to undertake the audit of the 202/13 financial accounts and value for money judgements and beyond. Work has already commenced on planning preparations, establishing new protocols to meet their evidence requirements and production of information requested

7. Fire Authority priorities for the effective targeting and usage of resources

The effective targeting and usage of our resources has always been a Fire Authority and Service corporate priority, and for 2012/13 this is being achieved in several ways:

Securing Financial resilience

- the production of an effective Five Year Financial Strategy which is supported by annual service planning and related budget setting on the most prudent principles.
- A fundamental review of General and Earmarked Reserves, benchmarked against other CFAs against all corporate risks as reported to the Fire Authority.
- An effective Treasury Management Strategy which is sensitive to the current adverse economic conditions and financial markets.
- the mature corporate risk assessment processes in place
- the investments made and continuing to be made on capital and asset infrastructure
- Investing unused Reserves to fund Capital investment to minimise need for borrowing
- Full business appraisals for every financial investment
- Requiring CMT approval based upon a full business case prior to proceeding to recruit to a vacancy.

Prioritising resources within tighter budgets

- A previous IRMP unlocked capital resources in Service housing to release it for operational capital investment over the next 3 years which will yield a full year revenue budget saving in excess of £0.5m per annum in relation to essential capital spending.
- A previous fundamental review of the Capital Programme has taken place to meet reduced resourcing projections which has yielded an immediate revenue saving well in excess of £0.5m per annum for the foreseeable future.
- A comprehensive service prioritisation programme was completed, and following the staff focused 'Facing the Challenge initiative' which progressed the initial proposals through a formal staff consultation process and associated voluntary redundancy and early retirement scheme, the Fire Authority approved a final savings programme of £1,751,000 in 2013/14 and £2,102,000 per annum in 2014/15 and beyond for one off staff severance costs over the period 2013/14 to 2014/15 of £455,000. These one off costs are funded from £500,000 previously approved Earmarked Reserves.
- Despite the significance of these savings made, the latest Medium Term Plan still projects a strategic resourcing gap which grows to a predicted level of between £3.4m and £6m by 2017/18 due to further reductions in government funding over the next few years and potentially beyond.
- A decision to merge the existing control rooms of ESFRS and WSFRS into a Sussex Control Centre with an implementation project now underway for delivery at the end of 2013/14.
- Early considerations are being taken on how best to manage the need to identify the further savings required from 2014/15 to 2017/18 which the new

Fire Authority will need to consider and action following the Annual General Meeting in June 2013 and the outcome of local government elections.

8. Complaints and confidential reporting policies

The Fire Authority operates a formal complaints procedure which is available to both staff and stakeholders either on request or on our website. The procedure is well documented. The Complaints Investigation Officer formally investigates every complaint and a summary of complaints made is reported to the Scrutiny & Audit Panel in September each year. The Fire Authority has dealt with fewer than 30 complaints each year for the last five years. There have been no findings of maladministration against the Fire Authority for 2012/13.

The Fire Authority also has a Whistleblowing Policy along with an Anti-Fraud & Corruption Strategy. Staff are informed of these at their induction and are reminded on a regular basis. Both the Whistleblowing Policy and Anti-Fraud Strategy are reviewed and updated where necessary on a regular basis and leaflets issued to all staff. There have been no whistleblowing cases in 2012/13 and no employment claims were made against the Authority in 2012/13.

9. Compliance

The Fire Authority has a duty to ensure that all activities undertaken are in accordance with the law. This is discharged in part by the Fire Authority's Financial Regulations and Contract Standing Orders. Other policies or strategies covering both internal and external issues are available to staff and the public via the East Sussex Fire and Rescue Service intranet and our Fire Authority internet sites respectively and can be found on the Fire Authority website at www.esfrs.org These include:

- Anti-fraud Strategy
- Whistleblowing Policy
- Freedom of Information

East Sussex Fire & Rescue Service also has a complementary set of Manuals to ensure operational, personnel, health, safety and welfare, financial procedures and corporate administrative arrangements are executed effectively. All strategies, policies and Manuals are allocated to a lead officer who is responsible for the periodic review and updating of each.

10. Review of effectiveness

East Sussex Fire Authority reviews the effectiveness of its governance arrangements, including its system of internal control, on a continual basis. This review of effectiveness is informed by:

1. the work of Members through the Scrutiny & Audit Panel and the Standards Panel (whose terms of reference and constitution have been amended as a result of the latest regulatory guidance) as well as the full Fire Authority;
2. the work of Corporate Management Team as well as other senior managers within East Sussex Fire & Rescue Service, who have primary responsibility for the development and maintenance of the internal control environment;

3. the Statement of Internal Financial Control and the work of the Treasurer of the Fire Authority as the Fire Authority's Chief Financial Officer and officers of East Sussex Fire & Rescue Service with financial management responsibilities;
4. the work of the Monitoring Officer (who is also the Head of Law at Brighton & Hove City Council); and officers of East Sussex Fire & Rescue Service with corporate governance responsibilities;
5. the annual risk management report and periodic review of strategic risks conducted by Corporate Management Team and considered by the Scrutiny & Audit Panel;
6. the work of the internal audit service including their annual report and opinion;
7. the external auditors in their various audit and annual governance reports;
8. the Audit Commission's assessment processes for governance and internal control;
9. any judgements made by a range of external inspection and other statutory bodies including the Local Government Ombudsman (no referrals were made in 2012/13).

11. Key elements of the governance and internal control environments

The key elements that comprise the Fire Authority's governance arrangements are set out in the Local Code and they include:

Fire Authority Constitutional arrangements

- the Fire Authority's constitution which sets out clear arrangements for decision making, scrutiny, communication and the delegation of powers to officers and Members;
- codes of conduct for Members and employees which set out clear expectations for standards of behaviour;
- a clear framework for financial governance based on Contract Standing Orders, Financial Regulations and Standard Financial Procedures;
- a risk management strategy and detailed risk management framework, which takes account of both strategic and operational risks and ensures that they are appropriately managed and controlled;
- Fire Authority Panels (committees of Members of the Authority) with clear responsibilities for governance, audit and standards;
- established arrangements for dealing with complaints and whistle-blowing, and combating fraud and corruption.
- The Fire Authority has a contract with East Sussex County Council to provide a Treasurer. This contract ceased on 31 March 2013. Following the departure of the previous Treasurer of the Fire Authority from East Sussex County Council, the Fire Authority appointed Mrs Mo Hemsley, the Assistant Director, Resources, Economy, Transport & Environment at East Sussex County Council for an interim period as the Fire Authority's Treasurer until a new Treasurer to the Fire Authority was appointed. Mr Duncan Savage has been appointed to the newly changed appointment arrangements on 18 March 2013 in order to have effective handover arrangements as the post of Assistant Chief Officer (Corporate Services) also ceased from 31 March 2013. The Treasurer to the Fire Authority attends all CFA and Panel meetings.
- Throughout 2012/13, the Treasurer has been represented on the Corporate Management Team by the Assistant Chief Officer (Corporate Services) and the Director of Financial Services. With effect from 1 April 2013, the Treasurer will attend Corporate Management Team meetings to provide expert strategic financial advice under the changed arrangements.

- The Fire Authority is satisfied that these new arrangements and its financial management more generally comply in all material respects with the CIPFA Statement on the role of the Chief Finance Officer and will offer an improvement in access to effective financial advice to the corporate management team as the financial challenges to be faced will increase over the next few years at least.

Strategies

- a range of supporting Strategies that link the constitutional arrangements with our Vision, Strategic, Aims, supporting corporate objectives and our values which we wish to uphold in everything we do. It also provides links to the functions of the organisation.

Performance Plans

- an established medium term planning process including the process for reconciling policy priorities with financial resources, which takes account of the need to improve both customer focus and efficiency; and which feeds into:
 - a Medium Term Plan that sets out our medium term vision for our local communities and the outcomes we intend to achieve for them. Included in it is the Community Risk Management (Integrated Risk Management) Plan that covers a three year period detailing the key service priorities, proposed areas for review over the medium term and to seeks consultation and active engagement with our affected local communities through the lifetime of the Plan;
 - an Annual Plan that sets out our annual aims and objectives for our local communities and the outcomes we intend to achieve for them each year;
 - 4 Directorate Business Plans that identify the functional work targets across the organisation to meet the strategic aims;
 - related Borough Plans that identify the functional work targets across the 6 Borough Commands for local stations to deliver local services targeted to their needs and summarise local community profiles and risk and how the Plan will help to support those with particular and diverse needs as well as mitigate local risks.

Performance Management Framework

- a business planning and performance management framework which includes setting clear objectives and targets, both financial and otherwise;
- regular reporting of performance against the Fire Authority's key corporate objectives, national and local performance indicators and their related performance improvement targets as set out in the Annual Plan, to officers and Members;
- established budgeting systems, clear budget management guidance and regular reporting of financial performance against budget forecasts to officers and Members;
- delegated financial management processes to promote ownership of financial issues within our four Directorates;
- a partnership review framework that ensures our partnership working arrangements meet the objectives set;
- a range of policies and processes designed to ensure best practice and legal compliance for personnel matters, IT security, access to information, data protection and project management;

- Borough Commanders attend CMT on a quarterly basis to report on their respective teams' performance.

Operational Assurance

- the Operational Assurance action plan is being completed to the agreed timetable set and monitored by CMT;
- the Fire Authority has agreed the continued, but tapered, funding for the Operational Improvement Team;
- the Retained Duty System contracts have been revised to secure more effective and resilient retained appliance availability;
- a review of the Incident Command System is underway to provide a resilient command and supervision structure to be supported by an operational assurance framework that assesses our performance at all levels of incidents;
- business continuity plans are in place;
- the Sussex Control Centre is now being progressed to a go live expected at the end of 2013/14 and will improve the future effectiveness of our call handling providing dynamic mobilising of appliances based upon their ability to attend quickest not based upon the location of fire station.

People and Organisational Development

- assessment under the Equality Framework ensures legal compliance as well as fundamental linkage with business aims schemes for identifying the development needs of Members and officers, supported by appropriate training; ESFRS has received 'Excellence' as an outcome to the recent external peer review;
- development programmes are in place for ESFRS managers to not only ensure operational or professional competencies are sustained and enhanced, but building our managers to be our local community leaders;
- learning and development competency framework which received a national commendation in 2010/11;
- strategies for communication and consultation with our key stakeholders, partners and our local communities;
- achievement of Charter status for Member Learning & Development, following an amended induction and development programme along with a Member mentoring scheme;
- reviewed and implemented new procedures for discipline, grievance, attendance and performance management ;
- introduced managing change policy (redundancy) and a flexible retirement package;
- revision of staff contracts to improve capacity;
- Introduced the new Firewatch HR, training and crewing module software.

Information Management

- the Business Plan incorporates developing frameworks including the Information Technology Infrastructure Library V3 (ITIL V3) to focus on organisational objectives and drive up productivity with emphasis on performance and quality.
- Information Management Strategy is designed to provide IT solutions to organisational business requirements and also assign resources for acquiring or developing such solutions. The Strategy also maps the solutions to the organisational objectives thereby providing a link between the solutions and the business objectives it supports.
- the Strategy is based upon a fundamental principle of providing IT solutions by not limiting technologies supplied by Microsoft or Novell thereby maintaining a platform that can support either system or format.
- the Strategy is introducing a unified communication system to foster collaborative working, sharing of information and task management. This will negate the need to circulate or store multiple copies of the same information.
- External and internal IT audit reviews. Regular external and internal audits take place on our IT infrastructure. An improvement action plan was put in place to ensure all the recommendations from the recent reviews were embedded into the IMD systems. This work has been further supported by external consultants engaged to provide ESFRS with strategic IMD advice.

Corporate Risk and Insurance

- corporate risk management arrangements are mature and corporate training is refreshed annually with different approaches being used to ensure continual improvement in skill sets and competencies.
- a fundamental review of corporate insurance cover took place in 2010/11 to consider current and future risks and costs of insurance relative to those risks. The review was considered by Corporate Management Team and whilst most of the portfolio remained unchanged, decisions were taken to enhance cover in some areas and raise excesses on motor insurances and establish an internal fund to meet the self-insured costs as this was likely to be cheaper over the long term. No other changes in insurance cover have taken place in 2012/13, but further savings to be achieved from increasing excesses on fleet are being considered for 2013/14.

12. Incident at Marlie Farm

The Health and Safety Executive (HSE) undertook a review of the work undertaken by East Sussex Fire & Rescue Service following the incident at Marlie Farm, East Sussex on 3 December 2006 where two personnel from East Sussex Fire & Rescue Service tragically lost their lives. A formal letter was received from the HSE on 19 March 2008 raising concerns on matters relating to operational communication to station personnel, operational training and risk management arrangements. A formal action plan was agreed to ensure all issues raised have been, or are being, substantially resolved, within the timescale set by the Health and Safety Executive. The Health and Safety Executive reviewed the final position and approved the actions taken which demonstrated that ESFRS met all the concerns raised. Civil claims are being handled via our insurers with the outcome of the Civil Court proceedings taking place in February/March 2013 expected later in 2013/14.

13. Equality and Diversity

ESFRS met the latest 'Achieving Excellence Standard' of the Equality Standard for Local Government in March 2012. This involved all parts of the organisation ensuring that not only are our employment practices sound, but diversity and equality principles are embedded in everything we do. All our strategies have had Equality Impact Assessments completed on them, and the strategies adapted accordingly.

14. Assurance and Significant Governance Issues

No assurance can ever be absolute; however this statement seeks to provide a reasonable assurance that there are no significant weaknesses in the Fire Authority's governance arrangements. On the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Fire Authority has in place satisfactory governance arrangements which are operating effectively.

A major review of our constitutional framework took place in 2007/08. A further update took place in 2009/10 with changes approved for the release of the Members' Handbook in July 2010. Various updating for legislative changes or internal requirements takes place throughout the year with a new Handbook being released for the AGM in June each year.

Other related **monitoring and updating work in 2012/13** has now been completed. The year's work has included:

- Keeping under review the effectiveness of the final implementation of the action plan achieved in 2010/11 arising from the self-assessment of our corporate governance arrangements using the CIPFA/SOLACE guidance.
- Keeping under review the action plan following the original self-assessment review of Managing the Risk of Fraud and in line with all subsequent Audit Commission /CIPFA guidance; again, our base level of compliance was good and the remaining action points have been completed. The latest Audit Commission guidance has also been reviewed, a compliance assessment undertaken and reported to the Scrutiny & Audit Panel for monitoring purposes.
- Continuing to finalise our directorate/functional business continuity plans to the previously agreed corporate template so that every functional area can relocate and continue to work in an alternative premises, if required to meet our own responsibilities and are in keeping with our Civil Resilience responsibilities.
- Continuing to develop our directorate business plans to include the new challenges identified by the Audit Commission for managing the finances, governing the business and managing the resources now assisted by using Interplan so that our business plans are kept up to date throughout the year and corporate monitoring takes place more easily.
- Continuing to develop the Fire Authority's information security policy and put in place consistent and robust approaches to information security management in line with relevant national standards – the monitoring of which takes place on a quarterly basis by CMT.

On the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Fire Authority also has in place a satisfactory system of internal control which is operating effectively.

On the basis of the internal audit work completed, it is internal audit's opinion that "the Fire Authority has in place a sound framework of internal control that provides a reasonable assurance regarding the efficient and effective achievement of its objectives." Clearly, it is important that all agreed actions arising from the various Internal Audit reports are completed to the timescales set. The respective senior managers within ESFRS have given their commitment to ensure that all the issues identified are addressed.

The Fire Authority will continue to regularly monitor issues that may seriously prejudice or prevent achievement of its key objectives through its strategic risk review process.

Both governance and internal control arrangements must be kept under review to ensure that they continue to operate effectively and meet changing legislative needs, reflect best practice and our intention to achieve excellence in all our activities.

The Fire Authority has progressed with a number of initiatives to enhance its governance arrangements which will continue, as follows:

- Continue to implement outcomes achieved and further develop its strategic service prioritisation /matching services to available resources approaches to assist with the bleaker financial context facing the whole of the public sector for the foreseeable future;
- Continue to rationalise the business agenda for the Fire Authority and its Main Panels to improve focus on strategic decision making and use the Members seminars and bulletins for information sharing;
- Review current Member Lead arrangements where 16 of the 18 members on the Fire Authority have a lead responsibility for progressing a strategic issue and reporting progress to fellow Fire Authority members as appropriate, as supported by ESFRS staff and CFA appointed officers;
- Continue to improve in embedding equality and diversity principles and practices following the 'Achieving Excellence' Equality Standard for Local Government;
- Enhance management and control over energy usage and promote its environment strategy objectives to gain commitment from all staff and improve performance across all organisational activities;
- Complete our community profiling development work including the development of social marketing concepts to aid local and strategic decision making by better understanding the needs of our local communities and the diverse needs of individuals within our local area and ensure the information can be accessed and used simply and effectively across the organisation by having the right support systems and information management processes in place;
- Complete the action plans following the recent self-assessments identified above;
- Keep under review corporate health, safety and welfare arrangements including the health and safety values within the organisation;
- Make further adaptations, if required, to our constitutional arrangements and delegations to meet requirements of the Local Government and Public Involvement in Health and Localism Acts.

Actions plans will be put into place to address these issues, and their implementation will be monitored and reviewed.

Councillor Paul Sparks
VICE CHAIRMAN OF THE FIRE AUTHORITY
AND CHAIRMAN OF THE SCRUTINY &
AUDIT PANEL
30 April 2013

Desmond Prichard
CHIEF FIRE OFFICER &
CHIEF EXECUTIVE

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**
 Date: **11 April 2013**
 Title: **Sussex Control Centre audit update**
 By: **Chief Fire Officer & Chief Executive**
 Purpose Of Report: **To present a report of the Internal Audit of the Sussex Control Centre project.**

RECOMMENDATION: The Panel is asked to note this report.

MAIN ISSUES

- 1.1 West Sussex County Council and East Sussex Fire Authority have jointly agreed to amalgamate their respective Command & Mobilising functions into a single Control Room function for the whole of Sussex, with a go-live date of no later than 31st March 2014.
- 1.2 This project has secured funding from the Department of Communities & Local Government (DCLG) to the sum of £3.6m and carries a number of significant political, financial and operational risks. Expected to be spent over the two financial years, 2012/13 and 2013/14, the split and areas of expenditure are set out in the table below. The split between the two authorities is not equal as the grant bid reflected the different levels of investment required.

FUNDED BY GRANT					
Item	Total Budget	East	West	Capital	Revenue
	£	£	£	£	£
MDT and Station End	910,000	615,000	295,000	840,000	70,000
Control Room	1,402,000	701,000	701,000	1,250,000	152,000
Communications	200,000	100,000	100,000	200,000	0
SAN – H	313,000	156,500	156,500	213,000	100,000
Staffing	775,000	387,500	387,500	0	775,000
GRANT FUNDED TOTAL	3,600,000	1,960,000	1,640,000	2,503,000	1,097,000

- 1.3 As such, it was deemed appropriate for a project of this size and complexity to warrant review and audit by Internal Audit. The audit has been split into two phases, with West Sussex County Council leading on Phase 1 and East Sussex County Council, who provide Internal Audit services to East Sussex Fire Authority, leading on Phase 2.
- 1.4 This Panel considered the report on Phase 1 of the Audit at their meeting in September 2012 and this report, therefore, covers Phase 2 of the Audit, attached as Appendix A for Panel Members only.
- 1.5 The Audit has received a partial assurance because controls required to monitor, control and report were still in development. The Auditors recognised that this was due to the total cost of the project still not being fully known due to the award of contract not having taken place at the time of the audit, as well as pension issues resolution and transitional costs.
- 1.6 There were 7 recommendations made from the audit and progress on these is reported at Appendix B.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
22 March 2013

Recommendation 1, Project Board

Complied with; actions continue.

A single report of all financial aspects of the project now exists and is reported to the Project Board and Joint Programme Board as part of the overall update as a standing item.

Recommendation 2, Budget Monitoring

Complied with; actions continue.

All spending plans are approved via an approval process at Project Board. Both parties are using SAP to record and monitor expenditure. Workstream leads report to the Project Board via the regular budget reporting.

Recommendation 3, Profiling and Forecasting

Completed; no further action required (as acknowledged in the Audit Report).

Recommendation 4, Variation Control.

Completed; no further action required (as acknowledged in the Audit Report).

Recommendation 5, General Ledger – DCLG Grant Money

Completed; no further action required.

The revised allocation of DCLG Grant has been approved by the Project Board, and SAP has been updated.

Recommendation 6, General Ledger Manager – Capital Refurbishment

Completed; no further action required (as acknowledged in the Audit Report).

Recommendation 7, Savings

Complied with; actions continue.

The prospective level of savings continues to be monitored, with greater certainty, as the Mobilising Contract is let and staffing structures are finalised. As the new Control Centre is implemented the savings achieved will be measured.

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **11 April 2013**

Title: **2012/13 Value for Money Review – Business Intelligence**

By: **Councillor Paul Sparks, Member Lead**

Purpose of Report: **To seek the Panel’s approval of the findings of the report.**

RECOMMENDATION: The Panel is asked to approve the report.

MAIN ISSUES

1. This Review has been conducted as part of the approved 2012/13 Value for Money (VfM) Review & Business Review and Audit Programme. Councillor Paul Sparks is the Lead Member for the Review.
2. There was an expectation that at least two members of the Performance Management Team would be able to conduct this review in the autumn. However, due to a number of staffing adjustments and additional higher priority workloads, the available resource was reduced to one Team Member for most of the review period, in addition to undertaking other workloads. As such, the exacting scope of the original review could not be accommodated and a decision was made to concentrate on the part of the review dealing with the Business Intelligence needs of the organisation rather than on Strategic Planning. It is still considered worthwhile to review Strategic Planning, but rephased back into 2013/14 when the organisation should be able to:
 - a) build upon the key consultation outcomes from the draft Medium Term Plan;
 - b) be more aware of the size of the growing strategic resourcing gap that needs to be faced from 2014/15 onwards along with a better assessment of additional risks to be considered;
 - c) assist the new complement of Members on the CFA post local government elections in May 2013 to set a stronger sense of direction and purpose to tackle the resources deficit within the context of our continued Vision, but more pragmatic Strategic Aims recently confirmed through public consultation; and
 - d) consider potential improvements in the current Strategic Planning principles and methodologies used via CMT and the Policy & Resources Panel.

3. With regard to the evidenced outcome using the approved VfM review methodology, a number of exemplar areas were used to score our position. An overall score of 'Adequate Performance' was achieved. (Copy available on request along with other detailed supporting appendices considered by Councillor Sparks as the Lead Member). The Executive Summary is attached as an appendix to this report, but covers a broader range of strategic issues than could be achieved through the exemplar review.
4. As a strategic review is being undertaken concurrently by Actica to support the strategic direction and medium term plans for Information Management within ESFRS, no specific recommendations have been made in this review. Instead, a set of "Improvement Expectations" have been included in the Executive Summary as Section 2 for consideration as part of the Actica review, which unless they are addressed, will lead to a deterioration in the overall scoring on economy, efficiency and effectiveness as the demands of the organisation grow both in terms of delivering better outcomes in business intelligence for a substantially reduced level of resource inputs.
5. A previous version of the report was considered by Corporate Management Team at its meeting in January. CMT's deliberations are summarised in Section 4 of the Executive Summary attached as Appendix A.
6. In addition to one practical action area which CMT has asked to be taken forward outside of the Actica review, CMT agreed that a time-limited follow up review should be undertaken by the Head of Performance Management in August/September 2013 to assess progress following the developmental work already coming on stream and the expected outcome of the work on the data warehouse which is critical to the Sussex Control Centre going live later in the year and to report back to CMT.

Councillor Paul Sparks
MEMBER LEAD FOR VFM REVIEW
5 March 2013

APPENDIX A TO AGENDA ITEM 826

Value for Money Review:	Business Intelligence to meet our corporate requirements
Date of Review:	August – November 2012
Review Team: Version 1.0	Cllr Sparks (Lead Member), ACO Williams, G Gray, I Woolway
Performance & Review Team: Version 1.1	December 2012
Corporate Management Team: Version 1.2 – included all appendices	January 2013
Scrutiny & Audit Panel: Version 1.3 – Executive Summary only	April 2013
Value for Money Review Score: (on basis of detailed exemplar review undertaken)	Economy: D (Adequate Performance) Efficiency: D (Adequate Performance) Effectiveness: D (Adequate Performance)
Final Score:	D (Adequate Performance)
The findings in this report are true & accurate at the time of completion and on the evidence presented.	

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1. **EXECUTIVE SUMMARY**

1.1 **Background**

1.1.1 This review has been conducted as part of the approved 2012/13 Value for Money (VfM) Review & Business Review and Audit Programme over the period August to November 2012. The initial scope of the review was to assess the overall effectiveness of the Strategic Planning/Strategic Intelligence arrangements for ESFRS business requirements was set out in Appendix 1 of the full report (considered by CMT January 2013 – copies available on request to Members of the Panel).

1.1.2 The key issues to be included in this VfM Review were to:

- Review progress made
- Review the effectiveness of current arrangements
- Consider the future - strengths and weaknesses assessment
- Assess against the approved VfM methodology for economy, efficiency and effectiveness.
- Assess the Business Outcomes Focus:
 - Consider whether the right priority is given in the right areas to meet strategic and local service objectives?
 - Consider whether the expected outcomes are the right ones for the internal customers, external stakeholders and communities and overall corporately?
- Seek to demonstrate value for money and to provide a direction of travel towards continuous improvement including proposals to identify minimum annual efficiency savings of 5% over the medium term.

1.1.3 There was an expectation that at least two members of the Performance Management Team would be able to conduct this review in the autumn. However, due to a number of staffing adjustments and additional higher priority workloads, the available resource was reduced to one Team Member for most of the review period, in addition to undertaking other workloads. As such, the exacting scope of the original review could not be accommodated and a decision was made to concentrate on the part of the review dealing with the Strategic/Business Intelligence needs of the organisation rather than on Strategic Planning. It is still considered worthwhile to review Strategic Planning, but rephased back into 2013/14 when the organisation should be able to:

- a) build upon the key consultation outcomes from the draft Medium Term Plan;
- b) be more aware of the size of the growing strategic resourcing gap that needs to be faced from 2014/15 onwards along with a better assessment of additional risks to be considered;
- c) assist the new complement of Members on the CFA post local government elections in May 2013 to set a stronger sense of direction and purpose to tackle the resources deficit within the context of our continued Vision, but more pragmatic Strategic Aims recently confirmed through public consultation; and
- d) consider potential improvements in the current Strategic Planning principles and methodologies used via CMT and the Policy & Resources Panel.

1.1.4 So the amended scope of this Review report was restricted to the consideration of Business Intelligence to meet our corporate requirements.

1.2 What do we mean by the term 'Business Intelligence'

1.2.1 For the purposes of this review, business intelligence means having sufficient, readily accessible, information provided in a managed and controlled manner, which is accurate, cost effectively provided, and held as securely as needed across all the required business dynamics of the organisation to enable the Service to deliver to agreed expectations, on time, on cost and on budget, with the right resources.

1.2.2 The scope of business intelligence requirements for any local government organisation, and with particular reference to a Fire & Rescue Authority such as ourselves, must satisfy, cost effectively, the rights and reasonable needs of:

- Statutory and national regulatory / framework compliancy requirements
- Democratic requirements at all levels ⇒ MPs to parish councillors
- Partnership organisations/shared services ⇒ Supply /service contract partnerships and delivery models
- Local citizens within context of CFAs
- Local business ratepayers and council tax payers
- Service users current and future
- Internal needs

1.2.3 Examples of the various business intelligence requirements needed to meet these expectations within respective functions include: (each with its respective 'quality circle' of positive feedback for continual performance improvement and the concept of a 'learning organisation').

a) Statutory and Democratic governance

- Statutory /non statutory functions ⇒ regulatory guidance and best practice ⇒ legal and audit compliance
- Fire authority governance ⇒standing orders /financial regulations/standards ⇒statements of assurance ⇒statutory reporting
- Access to information ⇒ data security ⇒ freedom of information

b) Fire & Rescue Service governance

- Statutory /non statutory functions ⇒ regulatory guidance/national framework /best practice ⇒ legal and audit compliance
- Fire authority vision ⇒ strategic aims ⇒ objectives
- Fire authority regulatory functions and legal organisational requirements ⇒ compliance/risk assessment ⇒ delivery control mechanisms⇒delivery and enforcement:
 - People aspects: e.g. professional competencies; workforce skill competence planning and delivery vehicles; duty of care; health and safety compliance; equality and diversity, absence management, appraisal.
 - Communication provision aspects: consultation, engagement, access and citizen information needs

- Resources aspects e.g. insurance risks and liabilities; balanced budget/medium term planning; estate management; fleet, operational and personal equipment management; supply partnership and contract requirements and IT.
 - Service provision aspects e.g.: enforcement function delivery; community risk assessment; civil contingencies; business continuity planning; incident management and trend analysis; prevention goals; reactive service safety improvement
 - Monitoring, Reporting, Review, Audit, Scrutiny and Performance assessment
- c) Functional Business Needs
- Strategy, policy, procedural framework compliance
 - Corporate and community risk management
 - People competency acquisition /retention management and performance
 - Information/action requirements/quality checking in work flow processing terms
 - Activity supervision and change management control
 - Resource inputs ⇒ resource outputs ⇒ community outcomes performance measurement against expectations
- d) Composite corporate needs

Whilst these can all be looked at from the perspective of a particular requirement, fundamentally, no organisation can survive without a cohesive system of business intelligence which must be able to cope with the myriad of corporate cross cutting demands, to answer the plethora of what if, when should, where best, how might and why do questions.

1.3 **So how is our Business Intelligence provided?**

- 1.3.1 Appendix 2 of the full report (considered by CMT January 2013 - copies available on request to Members of the Panel) provided a range of examples of systems diagrams and sundials covering the key system in use, how they interrelate to one another – for now and in the future, individual examples of information flows within key systems such as the newly acquired Firewatch and TFS Optevia systems and an example of one of the sundials used by IMD to determine workflows and interrelationships.
- 1.3.2 Appendix 3 of the full report (considered by CMT January 2013 – copies available on request to Members of the Panel) provided a summary of the ESFRS business forms used.

- 1.3.3 Appendix 4 of the full report (considered by CMT January 2013 - copies available on request to Members of the Panel) provided a summary overview of key performance management information systems being used corporately and comments upon future direction and both expected and potential improvements either planned or for future consideration.
- 1.3.5 Appendix 5 of the full report (considered by CMT January 2013 – copies available on request to Members of the Panel) provided the VfM review assessment of the exemplar review conducted by the performance management team member – all of the detailed evidence is available on request.
- 1.3.4 In addition to these, main business software systems and workflow forms are supporting office systems using the generic Microsoft office suite and functional specialist user packages.
- 1.4 **So how do we fair currently?**
- 1.4.1 As previously indicated, the detailed review was conducted by one Business Auditor. So within the time available, the Review tried to examine particular facets and draw conclusions based upon these exemplars.
- 1.4.2 However, even by using an exemplar based approach, this Review demonstrated very clearly that we are in transition in the systems we are using to support a number of key functional areas as our business intelligence needs were not being met from our previous legacy systems to meet current demands and were nowhere near meeting future expectations in terms of business modelling requirements to help to meet complex and cohesive service demands with ever decreasing staffing resources available to meet even higher expectations.
- 1.4.3 Significantly, over the next three years, ESFRS are introducing or planning to introduce the following new support systems to meet defined corporate business intelligence needs AS A MINIMUM REQUIREMENT:
- new partnership WAN infrastructure and a potential for further partnership infrastructure systems to be added;
 - new Sussex Control Centre network connectivity; ICCS; mobilising system; Mobile Data, Geographic interfaces, and upgraded MIS
 - Firewatch for people systems
 - Optevia for community safety (technical and wider)
 - New SAP system for finance.
- 1.4.4 By presumption, and when considering the level of investment being made currently in IT systems, it would be reasonable to conclude that the collective output of our current systems was not providing an adequate level of functionality to meet corporate needs. So what critically are the problems not only being faced now, but likely to be become even more challenging in future?

a) DATA

- Data quality and security management
- Sustained improvement in functional and office systems data management, re reduction in replication; prevention of repeat spreadsheet development for regular information needs; accuracy and improved version control; validity checking and accessibility – (knowing where things are kept and who is the responsible owner); all of this is possible with current information management controls embedded in to the systems being used, but it is suggested that user responsibility in these aspects of information and data management can be substantially improved across the organisation
- Exponential data management needs/tracking/sifting/control at corporate level IMD issue regular reminds to staff of the volumes of out of date information, previous versions of documents no longer needed, or information held beyond our designated retention periods this is something which must be tackled urgently
- Granularity of data and ability for aggregation across data sets INTELLIGENTLY – it is often only when business cases are prepared to seek effectiveness improvements that the reviewers discover that information is not held to a sufficient level of granularity and much research then has to take place to analyse the available information and reconstitute it in the required format. It is very much hoped that the development of the data warehouse will resolve this for the future as ensuring ever smarter working requires the ability to flex and aggregate a range of data in different ways
- Accurate data input once – used multiple times

b) INFORMATION

- Interfacing / functional interdependencies/information outputs to give autochecking/exception reporting/action flagging/control monitoring and business information
- Risk/Trend/ business modelling tools

c) INTELLIGENCE

- External intelligence capture at a sufficiently fast and accurate rate
- Social media demand/organisational responsiveness
- Service outcome evaluation and service planning influence
- Keeping a strong strategic business focus to ensure compliance with statutory requirements, meet service performance priorities and sustaining key performance including smarter management tools to aid more flexible business working.

d) CITIZEN/PARTNERSHIP FOCUSSES

- The Localism agenda is likely to gain further momentum through the Welfare Reforms currently being introduced. The whole emphasis will be on self-help to access significantly reduced state support, electronic service delivery (targets of achieving access for future state benefits at 90% via electronic business are already set) and accessibility demands and expectations for all public service will rise proportionately
- FOIA response support could be further streamlined if more generic corporate information on procurement, staffing, activities, infrastructure information were prepared annually and loaded onto the website. A concurrent review of the Government's proposals for improvements on data transparency will pick up this aspect in due course
- Key business intelligence for FRSs must also come from our partners and other local stakeholders/ care agencies in terms of community and business risks – ensuring wider connectivities in terms of community intelligence must be given equal emphasis to internal business intelligence improvements

e) NATIONAL/WIDER WORLD

- National FRS intelligence co-ordination – this appears to be reasonably well established in terms of operational intelligence; FRS bulletins from DCLG, National Employers' etc. and relevant senior management are aware of the work flow arrangements and central repositories of the information received
- Local Government intelligence co-ordination – the weekly LGA information bulletins are now much reduced due to cuts in their Service provision, DCLG consultations are now only issued electronically via the new government website. As such, corporate self-searching on key websites is now expected nationally as a means of monitoring national changes/proposals/key information. The ESFRS resources for this function have had to be reduced under the Service Prioritisation work, but corporately, a means must be found to ensure any essential intelligence is still gleaned from the range of sources previously trawled but on a more cost effective basis than the previous arrangements.

1.5 So what resources are allocated to Information Management?

1.5.1 The Information Management Budget for 2012/13 is set out below which excludes the following:

- a) Any development resources held in reserves
- b) The Sussex Control Centre budget.

BASE IMD BUDGET 2012/13	
	£,000
Employees	818
Subsistence and Travel	3
Subscriptions (Servs)	15
Consultants Fees	38
Telephones (for whole organisation)	125
Software Maintenance	176
Software Licences	126
Hardware Acquisition	170
Hardware Maintenance	378
IMD Strategy 2012/13 developments (temporary funding)	200
Private Wires	272
Wireless Equipment	387
Miscellaneous Income	(59)
	2,649
Projects in Progress 2012/13	
WAN	400
Firelink	365
Less Firelink grant	(122)
Sub - Total Projects	643
Total IMD Budget 2012/13	3,292

- 1.5.2 To this must be added, a significant number of staff working across the organisation either gathering activity information, checking and updating its accuracy; managing the workflow processes involved and managing the outcomes as well as the strategic resources required for corporate business planning, monitoring and review. Assuming a prudent estimate of 30% of the remaining support services staffing (£6.1m employee costs excluding IMD) are involved in business workflow activities and information management and control processes could bring a potential corporate resources commitment to information management to a level of around £5m. A 5% VfM improvement expectation on the overall total would be in the region of £0.25m – but any medium term savings target would be based upon the IM Budget, and 5% of the £3.3m base is the equivalent of £0.165m.
- 1.5.3 However, the organisation has already determined that following the Service Prioritisation work, which is yielding corporate savings of well over £2.5m, due to the strategic resourcing gap that remains to be faced by 2017/18 at the latest, a savings target of at least £0.5m should now be achieved by the IM function in addition to any efficiencies being brought to fruition by the SCC project and related software systems. So, setting a specific vfm savings target for this review is superfluous when considering the quantum of expected savings being required across Information Management services more generally.

1.6 So what solutions are being considered?

- Specifications for specific functions have been agreed to source the appropriate functional software system replacements and the more immediate cross linkages have been or are being considered, but not entirely resolved.
- A data warehouse is being progressed, but corporate awareness of its design concepts, functionalities offered, feeder input controls and intelligence output capabilities are quite restricted at present.
- How future intelligence needs will be met from one, or a composite of the following:
 - ↳ Particular software direct
 - ↳ Via the Data Warehouse reporting and extraction tools (accessing any of linked systems)
 - ↳ Via software and or data warehouse for data extraction for use with other reporting/manipulation tools (e.g. Interplan (and its further development route), FSEC etc.)
 - ↳ Designed intranet, extranet and internet intelligence sources/ portals
 - ↳ Mobile technology
- Whatever systems are being developed for use:
 - ↳ The ITIL framework is seeking to control corporate cohesion and quality management principles
 - ↳ The HMG Security Project Group is seeking to ensure data security/accessibility management is effective
 - ↳ The corporate Business Continuity Group is seeking to ensure contingency plans are in place to ensure comprehensive alternative arrangements are in place should one or more of the locations or systems fail.

1.7 Who is seeking to deliver innovation and SOLUTIONS to the problems identified?

- The ESCC/City/ESFRS Link partnership is seeking to provide a cost effective IT infrastructure for the foreseeable future for a number of local partners.
- The Surrey CC/ESCC/ ESFRS partnership will be developing financial management solutions for the future including workflow and activity based costing in addition to current functionalities.
- The Information Management Department is acting as the catalyst for the organisation, but awaits the defined final business requirements for the SCC and other functional entities.
- The Performance Management team in collaboration with others including Borough Commanders/ CRM are seeking to improve data quality at sources, rationalise performance monitoring reporting and cohesion. (issues covered in Appendix 4).
- Functional project teams are seeking to ensure the new systems coming on stream are fit for purpose in terms of quality of data in, information output and business outcome focussed.

1.8 **So what are the key risks?**

- Corporate consensus on the overall scope and priority of improving our corporate business requirements and not just elements of it.
- Corporate understanding of the complexities of what is being achieved – it is not a question of just “pressing a few buttons” (but in time and with sufficient and continued in-system it could be in many areas, but that is a key risk in itself – finishing the job off is a long time after ‘go live’ is achieved – it requires sustained effort and not moving on to the next job too early.
- Corporate capacity in key areas to resolve so many interrelated issues in a limited period of time.
- Confirmed order of priority (in hand).
- Internal bureaucracy – Appendix 3 summarised the high number of forms which have been ‘grown’ over the years and still registered as ‘active’, with a number of them being slight variants of a particular workflow issue. When considering the more detailed version of this review, CMT has agreed that they should be substantially rationalised particularly now that more advanced software systems are coming on stream and many already may be redundant and bearing in mind increasing use of remote working with direct data feeds into our systems.
- Increasingly restricted funding for development and expectations to deliver significant financial savings within the next two to three years.
- Need to deliver to current expectations, otherwise potential changes of future business delivery models will inherit unresolved problems at long term organisational cost.

1.9 **The VfM exemplar review findings**

- 1.9.1 The VfM exemplar review undertaken by the performance management team member using the agreed VfM methodology for assessing economy, efficiency and effectiveness was a detailed review over key systems in consultation with a number of key personnel across the organisation. The findings were summarised in Appendix 5 with further evidence available on request.
- 1.9.2 The outcome was “Developing – Adequate Performance” over each of the assessment criteria.

2. **IMPROVEMENT EXPECTATIONS**

- 2.1 It would have been impossible to undertake a full VfM review over all of our corporate business systems with the restricted resources available, but using the detailed findings from the exemplar review (see 1.9. above) as well as the other issues raised in this Executive Summary and remaining supporting appendices the following section suggests target areas for improvement by means of the VfM scoring system used.

- 2.2 No specific recommendations have been prepared arising from this review as the independent Actica review being undertaken currently will be setting the strategic direction for IMD and it is hoped that the suggestions set out below will be used to facilitate the findings of this more strategically significant review.
- 2.3 **Economy:** It might be anticipated that a future generic VfM score for economy of “Inadequate performance” might be unavoidable UNLESS we deliver significant annual savings from the infrastructure partnership. A goal should be to save at least £0.5m per annum by 2017/18 to help meet MTFP targets, excluding any anticipated savings generated from the SCC project and resultant rationalisations in related incident management IT systems.
- 2.4 **Efficiency:** It might be anticipated that a future generic VfM score for efficiency of “Inadequate performance” UNLESS a corporate blueprint is found to:
- Minimise bureaucracy of form filling
 - Maximise mobile access
 - Streamline data sets for sustained control of quality and validity
 - Introduce workflow and autofunctions for validation checks/control gateways and ‘intelligence’ intercepts across our functional systems e.g. IPDS meeting IPDS needs
- 2.5 **Effectiveness:** It might be anticipated that a future generic vfm score for effectiveness UNLESS
- There is sufficiently low levels of data granularity to assist cost effective organisational challenge
 - There is a strategic corporate understanding of the key facets of business intelligence required
 - This is translated to key managers and workers who understand the corporate construction blue print, priority order and composite outcome expectations
 - Sustained programme management of the key project elements
 - Corporate capacity management is accepted as a CMT function
 - Professional support through critiquing and challenge are inbuilt to assist with success
- 2.6 The strategic risk in all of this is that the long term aspirations of business transformation are not adversely affected by even more urgent and significant financial restrictions.

3. **SO HOW BEST TO TAKE THE KEY FINDINGS FORWARD**

- 3.1 It is hoped that this Executive Summary report has established some of the scoping considerations and prompted some wider expectations for our future business intelligence and information manipulation needs as an aid towards future strategic planning.

- 3.2 Actica have been commissioned to assist CMT with defining the strategic IMD needs for ESFRS and it is hoped this report will assist with their review for our business intelligence requirements.
- 3.3 The outcomes of their review will be fed into the next roll forward of the IMD Strategy in April to July.
- 3.4 This in turn will have to stand alongside the MTFP framework of the Fire Authority and ultimately the extent of success will be dependent upon available resources including staff skills, development lead times, IT infrastructure improvement and managing unreasonable expectations.
4. **CONSIDERATION BY CORPORATE MANAGEMENT TEAM JANUARY 2013**
- 4.1 CMT recognised that this review was undertaken mid-way through the transformation of systems being implemented currently for the Sussex Control Centre, HR, Fire Safety and the entire Finance suite. In hindsight it would have been more helpful to have had an earlier benchmark so that the progress already made in the last few years could have been acknowledged.
- 4.2 CMT agreed that functional leads would review their respective lists of forms which are recorded as still active as part of day to day work to improve SMART/lean working across the organisation – although it was suspected that as new software systems were coming on-stream, previous forms were already being made redundant. But this needs to be monitored.
- 4.3 CMT accepted that this review was to assist with the more fundamental strategic review being undertaken by appointed external consultants to establish a strategic direction over the medium term and as such noted that no recommendations had been made.
- 4.4 However, as part of another report on the CMT agenda, it was agreed that temporary specialist resources could be funded from the available temporary IMD funds in 2012/13 which would be carried forward to 2013/14 under earmarked reserves to ensure the data warehouse could deliver the key functionalities to support the needs of the Sussex Control Centre project which is scheduled to go live at the end of 2013/14.
- 4.5 Finally, CMT agreed that a time-limited follow up review should be undertaken by the Head of Performance Management in August/September 2013 to assess progress following the development all coming on stream and the work on the data warehouse which is critical to the Sussex Control Centre later in the year and to report back to CMT.

SCHEDULE OF APPENDICES

ALL COPIES OF APPENDICES AVAILABLE ON REQUEST TO MEMBERS OF THE PANEL

- Appendix 1: Scoping Statement: Review 1: Value for Money Review: Strategic Planning/ Strategic Intelligence for ESFRS business requirements.
- Appendix 2: ESFRS business intelligence systems – workflow charts and sun dials – IMD Strategy 2013/14 and other IT development documentation
- Appendix 3: Summary of ESFRS business forms used
- Appendix 4: Summary overview of key performance management information systems being used corporately
- Appendix 5: Findings of VfM exemplar review undertaken

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**
Date: **11 April 2013**
Title: **Future Business Audit/Review Programmes for 2013/14 to 2017/18**
By: **Chief Fire Officer & Chief Executive**
Purpose of Report: **To seek the Panel's endorsement of a substantially reduced Programme for 2013/14 to 2017/18 based upon an expected reduction in available staffing resources due to the need to divert existing staffing skills to other priorities including the introduction of an alternative corporate strategy to address the strategic resourcing gap.**

RECOMMENDATION: The Panel is asked to approve the reduced Business Audit/ Review programme attached as Appendix A.

MAIN ISSUES

1. The Panel approved the previous Five Year Value for Money Review Business Audit programme for 2012/13 to 2016/17 inclusive at its meeting in March 2012 (Agenda Item 763). The outcomes of the completion of the 2012/13 annual programme will be reported to the Panel for its meeting in July 2013.
2. The aim of this report is to seek the Panel's approval for a substantially reduced programme for 2013/14 and beyond. In 2013/14, available resources will be fully engaged in the further implementation work arising from the outcomes of the wholetime pay audit, and planning and co-ordination of our operational assessment peer review which is scheduled for January 2014 as well as supporting the corporate work involved in resolving the strategic resource gap over the next five years.
3. The Performance Management Section manages the corporate co-ordination of all such business review programme activities on behalf of the Panel and CMT. The Programme has always allowed for some flexibility for the Service to respond to dynamic issues that may emerge during the business year including, for example, operational debriefs or Investigations and it is proposed that this should continue where capacity allows.
4. Progress on this business review programme will now be monitored via the Corporate Services Directorate performance management business plan (using Interplan) for quarterly summary progress reporting to CMT with an annual outturn report brought to the Panel after the end of the financial year.
5. There are no other issues pertinent to this report.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
5 March 2013

**AMENDED FIVE YEAR BUSINESS REVIEW/AUDIT PROGRAMME 2013/14 TO
2017/18 (Updated March 2013)**

YEAR 1 – 2013/14	
	Business Reviews/Audits
CFO&CE	Strategic Planning for ESFRS business requirements (possibly if not merged with managing strategic resourcing gap work)
ACFO	Environmental Strategy review – Councillor Sven Rufus
ACO	L&OD - joint review on possible future collaboration with WSFRS (with HoL&OD – outside scope of this programme)
DCFO	IRMP outcomes for all phases of 3 year IRMP programme (with HoCRM – outside scope of this programme)
All POs	Task and finish reviews that may arise *
DCFO	Standard report on Annual Review of Partnerships
	External Scrutiny
DCFO	Operational Assessment – Peer review starts Jan 2014*
DCFO	Customer Service Excellence
ACO	Investors In People Award
ACO	Fire Authority Member Development Programme
CFO&CE	Service Prioritisation/Facing the Challenge/next related initiatives for closing the Strategic Resources Gap*

FUTURE YEARS' DRAFT PROGRAMMES TO BE NOTED CURRENTLY

YEAR 2 – 2014/15	
	Business Reviews/Audits
DCFO	Special Services – Charging and Community Interest Company considerations (KTA project and outside scope of this programme)*
Treasurer	Corporate Governance and Risk Management
DCFO	Community Risk Management outcomes (with HoCRM – outside scope of this programme)
ACFO	ROSPA QSA on H&S management systems (triennial programme)
All POs	Task and finish reviews that may arise *
DCFO	Standard report on Annual Review of Partnerships
	External Scrutiny
DCFO	Operational Assessment - outcomes management*
DCFO	Customer Service Excellence
ACO	Investors In People Award
ACO	Fire Authority Member Development Programme (with ACO – outside scope of this programme)
CFO& CE	Service Prioritisation/Facing the Challenge/next related initiatives for closing the Strategic Resources Gap*

YEAR 3 – 2015/16	
	Business Reviews and Audits
All POs	Task and finish reviews that may arise *
DCFO	Standard report on Annual Review of Partnerships
	External Scrutiny
DCFO	Customer Service Excellence *
ACO	Investors In People Award
ACO	Fire Authority Member Development Programme with ACO - outside scope of this programme)
CFO&CE	Service Prioritisation/Facing the Challenge/next related initiatives for closing the Strategic Resources Gap*
YEAR 4 – 2016/17	
	Business Reviews and Audits
All POs	Task & finish reviews that may arise. *
DCFO	Standard report on Annual Review of Partnerships
	External Scrutiny
ACO	Customer Service Excellence
ACO	Investors In People Award
ACO	Fire Authority Member Development Programme with ACO - outside scope of this programme)
CFO&CE	Service Prioritisation/Facing the Challenge/next related initiatives for closing the Strategic Resources Gap*
YEAR 5 – 2017/18	
	Business Reviews and Audits
All POs	Task & finish reviews that may arise. *
DCFO	Standard report on Annual Review of Partnerships
	External Scrutiny
ACO	Customer Service Excellence
ACO	Investors In People Award
ACO	Fire Authority Member Development Programme with ACO - outside scope of this programme)
CFO&CE	Service Prioritisation/Facing the Challenge/next related initiatives for closing the Strategic Resources Gap*

*High priority items to be achieved before other work undertaken

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**
Date: **11 April 2013**
Title: **Standing Orders – Petitions**
By: **Monitoring Officer**
Purpose of Report: **To consider a revision to Standing Order 25**

RECOMMENDATION: The Panel is asked to approve a revised Standing Order 25, the addition of a new Standing Order 26 dealing with petitions, and the renumbering and consequential amendments to Standing Orders.

MAIN ISSUES

1. Standing Order 25 deals with questions from Members of the Authority and the public, and the presentation of petitions at meetings of the Authority.
2. The time currently allocated to the presentation of petitions is included within the 15 minutes allowed for questions, subject to the discretion of the Chairman.

Abraham Ghebre-Ghiorghis
MONITORING OFFICER

5 March 2013

Previous Reports:

Fire Authority 13 September 2012 (min. no. 661 – new Code of Conduct); Scrutiny & Audit Panel 24 May 2012 (min. no. 788 – Delegated Functions); Fire Authority 2 June 2011 (min. no. 556 – Standards Panel membership and Chairman’s casting vote).

Background Papers

No unpublished background papers have been relied on to a material extent in connection with this report.

1. **BACKGROUND**

1.1 Standing Order 25 deals with questions and the presentation of petitions, and this is set out in the Members' Handbook in Section C (pages 13 and 14).

1.2 Standing Order 25.1 states that:

At each ordinary meeting of the Authority a period of up to 15 minutes shall be set aside for questions to be put in person to the Chairman or Chairman of the appropriate Panel by persons who reside or work in East Sussex or the City of Brighton & Hove or by Members on any matter within the Authority's powers or duties, subject to the provisions in Standing Orders 25.2 – 25.6 below. **This period may also be used at the discretion of the Chairman for the presentation of petitions relevant to the functions of the Authority.**

1.3 There is no other guidance in the Authority's Standing Orders relating to petitions.

2. **CONSTITUENT AUTHORITIES' ARRANGEMENTS FOR RECEIVING AND DEALING WITH PETITIONS**

2.1 **Brighton & Hove City Council**

2.1.1 B&HCC's constitution provides for any Member of the Council or a member of the public to present a petition to a meeting of the full Council (in accordance with a Petitions Scheme which sets out who may sign a petition, what details must be included, and what the petition may relate to). The presentation of a petition is limited to not more than three minutes and is confined to reading out, or summarising, the prayer of the petition and indicating the number and description of the signatories. Petitions are presented in the order in which notice of them is received.

2.1.2 A petition with less than 1,250 signatories is received without discussion and is included on the agenda for the next available meeting of the relevant committee or sub-committee to which the person presenting the petition is invited. A petition with 1,250 or more signatories triggers a debate at full Council unless a senior officer is asked to give evidence, or the petition may be debated at a later meeting. There is a guillotine on the debate on the petition of 15 minutes after which a vote will be put, unless the Mayor extends the debate at his or her discretion.

2.1.3 The Council decides how to respond to the petition i.e. to take action, to take no action, to commission further investigation, or to refer it to a Committee with or without recommendations. There is no overall limit on the time that may be taken at the Council meeting for the presentation or debate of petitions.

2.2 East Sussex County Council

- 2.2.1 ESCC's constitution provides for a Member of the Council to present to the Chairman of ESCC, immediately before an ordinary meeting of the Council, a petition about any matter relating to the County Council or a service for which it is responsible. The Chairman reports the details of petitions under 'Chairman's Business' and these are recoded in the minutes.
- 2.2.2 Where appropriate, the Chairman refers the petition to the Cabinet or relevant Cabinet member, or the relevant Scrutiny Committee to which the lead petitioner is invited to address members for up to five minutes. A petitioner is not permitted to address the Cabinet or relevant Cabinet committee member where the petition relates to matters referred to in ESCC SO 41.1(iii) i.e. the same restrictions relating to questions, namely the exercise by the Council of its regulatory or quasi-judicial functions or any matters relating to the petitioner's own personal circumstances, legal proceedings or an appeal, an individual in receipt of a service, personnel details relating to employees, commercially sensitive or financial information which would be confidential.
- 2.2.3 ESCC also has a Petition Scheme that sets out comprehensive guidance, similar to that produced by BHCC.

3. PROPOSED WAY FORWARD FOR EAST SUSSEX FIRE AUTHORITY

- 3.1 There has been little in the way of petitions having been presented to the Fire Authority since its creation in April 1997. The latest petition, relating to the Hastings Review, was presented to the Fire Authority at its meeting in December 2012. On that occasion, there was only one petition and there was adequate time for the petition to be presented and public questions to be dealt with within the time specified in Standing Orders.
- 3.2 Whilst it is unusual for petitions to be presented to the Fire Authority, our current procedures do not provide for a period of time to be allocated specifically for the presentation of petitions, and this is currently included in the time allocated for questions. Neither is there any procedure in Standing Orders for how petitions will be dealt after they have been received. There is a guidance document for the public advising how to ask questions and present a petition, and this is available in hard copy from the Clerk and is also posted on the ESFRS website.
- 3.3 It is suggested that Standing Orders be amended as follows, (additions shown in blue, deletions struck through), and the subsequent numbering thereafter be amended:

25. **Questions of which members of the public or Members must give notice (written questions) and presentation of petitions**

- 25.1 At each ordinary meeting of the Authority, a period of up to 15 minutes shall be set aside for questions to be put in person to the Chairman or Chairman of the appropriate Panel by persons who reside or work in East Sussex or the City of Brighton & Hove or by Members on any matter within the Authority's powers or duties, subject to the provisions in Standing Orders 25.2 – 25.6 below. ~~This period may also be used at the discretion of the Chairman for the presentation of petitions relevant to the functions of the Authority.~~
- 25.2 A question may not be asked which relates to:
- i. An individual or the questioner's own particular circumstances.
 - ii. A matter which is the subject of legal proceedings or an appeal to a tribunal or to a Government Minister or an investigation by the Local Government Ombudsman or the subject of an ethical standards complaint which has not been finally determined; or
 - iii. the appointment, promotion, dismissal, salary, superannuation or conditions of service or the conduct or ability of any individual employed by the Authority or the conduct of a Member of the Authority.

25.3 The Chairman of the Authority shall be entitled to rule that a question

shall not be answered because:

- i. The preparation of the answer would require the expenditure of a disproportionate amount of time, money or effort or
- ii. In the Chairman's opinion it is improper, irrelevant or otherwise objectionable or is in the same or similar terms to a question asked at the previous meeting.

- 25.4 A question must be by way of a genuine enquiry and not a statement.
- 25.5 The wording of a question must be received by the Monitoring Officer in writing at least five clear working days before the meeting of the Authority, accompanied by the name and address of the questioner.
- 25.6 The Monitoring Officer may edit any question to secure reasonable brevity or to delete any part that appears to be inappropriate or defamatory or to delete, improper or unbecoming language and shall inform the questioner accordingly. The Monitoring Officer shall return to the questioner, with an explanation, any question that cannot be dealt with under this Standing Order.
- 25.7 Questions shall be dealt with in the order in which they are recorded as having been received by the Monitoring Officer.
- 25.8 A questioner shall be limited to one question per meeting, subject to the right in Standing Order 25.9 below to ask one supplementary question for clarification.
- 25.9 At the meeting of the Authority, when the agenda item is reached, questioners shall be invited to read their question that shall be answered orally by the Chairman to whom it is addressed. If the questioner is not present in person they shall be sent a written response. Questions shall be asked and answered without discussion. However, a questioner may ask one supplementary question solely for the purpose of clarifying a point in the answer given.
- 25.10 A copy of the questions that have been received, together with the names of the questioners shall be circulated in the room before the meeting at which the questions are to be asked to all Members and the media.
- 25.11 In the event of there being insufficient time to deal with all the questions of which notice has been received, a response to any unanswered question(s) shall be sent to the questioner(s) in writing by the appropriate Chairman. A copy of the response shall be sent to all Members and to the media.
- 25.12 Details of the questions, which have been asked, and by who, together with the answers given, shall be recorded in the minutes of the Authority.

26. **Petitions**

- 26.1 At each ordinary meeting of the Authority, a period of up to 15 minutes shall be set aside for the presentation of petitions by Members of the Authority or members of the public.
- 26.2 The presentation of a petition shall be limited to not more than three minutes, and shall be confined to reading out, or summarising, the prayer of the petition and indicating the number and description of the signatories.
- 26.3 Petitions shall be presented in the order of which they are notified to the Monitoring Officer.
- 26.4 A petition must relate to any matter within the Authority's powers or duties.
- 26.5 A petition must include a clear and concise statement covering the subject of the petition, what action the petitioners wish the Authority to take, and the name, address and contact details of the petition organiser.
- 26.6 The Chairman shall decide how the petition will be dealt with, whether it shall be debated at the meeting to which it is presented, or to refer the petition to the relevant Panel or a later Fire Authority meeting, and this shall be recorded in the minutes. If the petition is referred to a Panel or a later Fire Authority meeting, the petitioner shall be invited to the meeting when the petition is to be considered, but shall not be permitted to address the Panel.

4. **ORDER OF FIRE AUTHORITY BUSINESS – STANDING ORDER 14**

- 4.1 Subject to Members approving the amendment to Standing Orders set out above, it will be necessary to amend Standing Order 14 – Order of Business, by the insertion of 'Receipt of Petitions' after questions have been dealt with, and the consequent renumbering thereafter.

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **11 April 2013**

Title: **Standing Orders – Amendments to Contract Standing Orders**

By: **Monitoring Officer**

Purpose of Report: **To consider revisions to Contract Standing Orders 13.3, 13.6 and 13.9**

RECOMMENDATION: The Panel is asked to approve revisions to Contract Standing Order 13.3(b), 13.6 (b) and 13.9 (b) and the necessary amendments to the Members' Handbook.

MAIN ISSUES

1. Contract Standing Order (CSO) 13 deals with the competition process.
2. It is considered appropriate to revise the wording in CSOs 13.3 (b), 13.6 (b), and 13.9 (b) to require that where contractors are to be selected from the list of Approved Contractors compiled in accordance with CSO 23, they should be selected in rotation.

Abraham Ghebre-Ghiorghis
MONITORING OFFICER

5 March 2013

Background Papers

No unpublished background papers have been relied on to a material extent in connection with this report.

1. **BACKGROUND**

1.1 Contract Standing Order (CSO) 13 deals with the Competition Process and is set out in Section C of the Members' Handbook. There are separate CSOs dealing with :

13.3 – Quotations or the formal tender process where the estimated cost of the contract is between £10,000 to £25,000;

13.6 – The formal tender process where the estimated cost of the contract is from £25,001 to £200,000; and

13.9 – The formal tender process where the estimated cost of the contract is £200,001 or more.

2. **PROPOSED AMENDMENTS**

2.1 It is considered appropriate that CSOs be amended to require that where contractors are to be selected from the list of Approved Contractors compiled in accordance with CSO 23, they should be selected in rotation, and the Panel is asked to approve the following amendments to CSOs and the necessary amendments to the Members' Handbook. These minor amendments have been proposed to comply with recommendations made by Internal Audit and an internal Value for Money review.

2.2 Contract Standing Order 13.3 (b)
where the Authority maintains a suitable list of Approved Contractors under CSO 23 (Compilation of Approved Lists of Contractors) and the total value of the contract is not expected to exceed the EU Directives threshold, obtaining Quotations from at least two Contractors on the list, the selection from the list to be subject to rotation;

2.3 Contract Standing Order 13.6 (b)
where the Authority maintains a suitable list of selected Contractors under CSO 23 (Compilation of selected lists of Contractors) and the total value of the contract is not expected to exceed the EU Directives threshold, seeking Tenders from at least three Contractors on the list, the selection from the list to be subject to rotation;

2.4 Contract Standing Order 13.9 (b)
where the Authority maintains a suitable list of selected Contractors under CSO 23 (Compilation of selected lists of Contractors) and the total value of the contract is not expected to exceed the EU Directives threshold, seeking Tenders from at least five Contractors on the list, the selection from the list to be subject to rotation.

EAST SUSSEX FIRE AUTHORITY

Panel: **Scrutiny & Audit**

Date: **11 April 2013**

Title: **Scrutiny & Audit matters – progress report (October 2012 to March 2013)**

By: **Chief Fire Officer & Chief Executive**

Purpose of Report: **To present a summary of progress on the main issues for which the Scrutiny & Audit Panel has responsibility.**

RECOMMENDATION: The Panel is asked to note the corporate progress made during the period 1 October 2012 to 31 March 2013 on various scrutiny, corporate risk and audit matters.

1. This information report to the Panel has been prepared as a means to ensure relevant corporate audit, scrutiny, risk, governance and performance issues are drawn to the attention of the Panel at its meetings on a regular basis, but avoiding the need for a number of separate reports.
2. The period covered by this report is from 1 October 2012 to 31 March 2013 as there was no Panel meeting in January 2013.
3. All items requiring a decision of the Panel will continue to be separately reported.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
15 March 2013

1. **EXTERNAL AUDIT ISSUES**

1.1 All relevant External Audit issues are included as separate reports on this agenda – there are no further items for information.

2. **INTERNAL AUDIT ISSUES (ESCC CRD TEAM)**

2.1 **The 2012/13 ESFRS Internal Audit programme**

2.1.1 The 2012/13 programme was approved by this Panel at its meeting in March 2012, as set out in the table below, along with a brief update on progress at the 2nd quarter stage on the various items, but there is only one outcome to date as identified in 4 below.

	Progress to date
1. MANAGEMENT AND GOVERNANCE	
Planning and general management work Sussex Control Centre Project Other East and West Sussex Collaboration Governance Anti-Fraud (incl. National Fraud Initiative)	Required actions in hand Second phase completed – report elsewhere on agenda None currently Completed
2. FINANCE	
Precepting Arrangements Feb 2013 Delegated Financial Management – Contracts & Procurement Strategic Financial Management – Contingency/Resilience Capital Programme / Contract Audit – Follow Up	Completed Deferred due to additional work on wholetime compensatory leave – confidential report elsewhere on agenda Ditto In hand – outcome will be reported in July
3. PERSONNEL/PAYROLL	
Firewatch Implementation Firewatch – Retained Pay Travel, Subsistence and Expenses	Completed Project overview work continuing In hand – outcome will be reported in July

	Progress to date
4. STATION REVIEWS	
Station Regulatory Visits (x3)	Completed -various local station 'housekeeping' responsibilities to be tightened
5. ICT AUDIT	
Network Infrastructure – Extended Follow Up Data Protection Act/Freedom of Information	In hand Deferred to next year
6. FUNDAMENTAL ACCOUNTING SYSTEMS	
Fundamental Accounting Systems Work	Throughout year
7. ADDITIONAL COMMISSIONED AUDITS	
Selected leave arrangements	Two reviews completed - follow up work being scheduled for 2013/14 programme

2.1.2 As reported to the Panel at its last meeting, the only issue internal to ESFRS to which the Panel's attention is drawn is the additional Internal Audit work commissioned to review selective leave arrangements across the Service. Lower risk internal audit work has been rephased to next year as indicated above and additional days have been bought to complete this work as well as the remaining 2012/13 programme). The ESFRS performance management team has also been called upon to assist with this review, the first outcomes of which are reported under the confidential part of the Agenda

2.2 **Joint ESCC/WSCC Internal Audit review of SCC project**

2.2.1 A detailed progress report was provided to the Panel at its September meeting. In summary, the audit was been split into two phases, with West Sussex County Council leading on Phase 1 and East Sussex County Council leading on Phase 2. After phase 1 the project secured a **satisfactory assurance**, with 4 of the 7 areas securing substantial assurance. The action plan on the 3 areas of improvement was completed. The outcome of the second phase review is reported elsewhere on the agenda,

3. **VALUE FOR MONEY (VFM) REVIEWS (ESFRS PERFORMANCE MANAGEMENT TEAM)**

3.1 **VFM Review, Business Review and External Scrutiny Programme 2012/13**

3.1.1 The 2012/13 programme was approved by this Panel in March 2012 as set out in the table below along with a brief update on progress on the various items.

YEAR 1 – 2012/13		Progress to date
Value for Money Reviews		
ACO(CS)	Strategic Intelligence for ESFRS business requirements – Cllr Sparks	Review completed, although resourcing curtailed activity scope – outcome report elsewhere on agenda
ACFO	Environmental Strategy review – Cllr Rufus	Review cancelled due to continued work priorities on wholetime compensatory leave and other related issues
Mini Value for Money Reviews		
ACO(POD)	Organisational Development Communications	Review cancelled for same reasons
DCFO	Operational Planning and Policy – to be further defined	Review cancelled for same reasons
Business Reviews and Audits		
DCFO	IRMP outcomes for all phases of last IRMP	In hand
All POs	Task and finish reviews on performance indicator results and other issues that may arise *	Performance Management Team supported review of selected station management systems in hand
DCFO	Annual Review of Partnerships	Completed, reported to Panel in September 2012
External Scrutiny		
ACO(CS)	Customer Service Excellence *	Regained Award July 2012
ACO(POD)	Investors In People Award	Regained Award September 2010 Subsequent Action Plan agreed and in progress.
ACO(POD)	Fire Authority Member Development Programme	Charter for Member Development achieved November 2011. Member Development Steering Group continues to oversee all matters in relation to on-going implementation against refreshed Action Plan.
ACO(CS)	Service Prioritisation *	'Facing the Challenge' proposals approved by CFA in December and now being implemented as part of managing Strategic resource gap.
*High priority items to be achieved before other work undertaken		

4. **SCRUTINY ISSUES**

4.1 **Operational Assessment and Fire Peer Challenge**

- 4.1.1 Corporate Management Team has approved the corporate arrangements required for the CFOA/LGA Operational Assessment and Fire Peer Challenge project timetable and staffing resources required. The Peer Challenge itself will take place in January 2014.
- 4.1.2 The project will be led by the Head of Performance Management and the Project Manager will be the Quality Assurance Manager (QAM).
- 4.1.3 It is considered that the current Value for Money Review Team (1.8 posts) has the required business audit and analytical skills and, in addition, the previous assessment knowledge. These skills have been used in other external assessments e.g. Customer Service Excellence, Operational Assessment 2010, and provided advice and guidance to the Equality & Diversity Manager for the Fire & Rescue Service Equality Framework Excellence Assessment.
- 4.1.4 It is also considered that these Performance Management Team members are able to undertake the corporate planning and co-ordination of this Project now that the remaining programme has been scaled down. Administrative support will be provided by the Performance Management Administrative Assistant.
- 4.1.5 The Team has now issued the Operational Assessment Fire Peer Challenge Toolkit (and associated Briefing Sheets) to the appropriate Directors and Heads of Department for their familiarisation and preparation.
- 4.1.6 The timetable was agreed as follows:
- i. April 2013 – for each Key Assessment Area (KAA) hold a Focus Group meeting with the appropriate Director, Head of Department and key section personnel. (To identify and capture ‘best evidence’ and likely narratives for inclusion in the final self-assessment document.)
 - ii. April-June 2013 – Liaise with these key personnel, monitoring progress and analysing and challenging the evidence, leading to the production of the required narrative.
 - iii. July-August 2013 – compile and finalise the self-assessment document, for approval by the appropriate Director and Head of Department. (Support will be required from Graphics Section and Business Services for the design and reproduction of the document.)
 - iv. August 2013 – sign off by Project Lead
 - v. September 2013 – submission to CMT and later Scrutiny & Audit Panel.
 - vi. November 2013 – Self-assessment and evidence available for submission to Peer Challenge Team, prior to visit in January 2014.
- 4.1.7 The Performance Management Team will also plan, prepare and facilitate the Peer Challenge on behalf of the organisation. This includes arranging all necessary interviews and meetings for the duration of the challenge.
- 4.1.8 On completion of the Peer Challenge and receipt of the final report, the Team will facilitate feedback to appropriate key personnel and any improvement actions will be entered and progress monitored, using the Interplan system.

4.1.9 Evidence for the Key Assessment Area (KAA) for Call Management will be prepared in the light of progress made with the Sussex Control Centre.

4.2 There are no other scrutiny issues to report to this meeting.

5. **GOVERNANCE ISSUES**

5.1 Reports on the draft Annual Governance Statement for 2013/14 and Statements of Assurances are included elsewhere on this Agenda.

6. **CORPORATE RISK ISSUES**

6.1 **2012/13 3rd QUARTER REVIEW**

6.1.1 Our established Corporate Risk Management Policy helps to ensure Corporate Governance risk management arrangements are maintained. The effective monitoring of strategic risks remains a critical function to support the wider governance arrangements.

6.1.2 Reviews of corporate risk take place on a quarterly basis. The latest series of meetings with Corporate Risk Owners was carried out during November 2012 to update risk management action plans and review the position of each risk. The outcomes were considered by CMT at its meeting at the end of January 2013. A further review is also taking place currently and any further changes will be updated at the Panel meeting. The Panel is asked to note that all risk management action plans have been updated following individual reviews for each risk owner to monitor and review each action plan in line with Service key task areas and other service delivery objectives.

6.1.3 In summary, and subject to the Panel's approval of this report:

- i. 1 risk is proposed for removal – Scheme 44 - collaboration with WSFRS excluding the Sussex Control Centre. Priority is to achieve a successful Sussex Control Centre – other potential collaboration reviews are still at early stages of preparation prior to formal consideration.
- ii. 1 risk is proposed to be reduced from BII to CII - Scheme 41 - future industrial action but still remains 'Above the Line'
- iii. 0 risks are proposed to be enhanced from Below the Line to Above the Line. Some other risks have heightened, but are not considered to warrant an enhancement to a higher level.
- iv. 0 new risks are proposed for approval.
- v. 1 risk is proposed to be renamed – Risk 37, and there have been some change in PO references also highlighted
- vi. 5 existing risks would remain 'Above the Line' – i.e. of more significant strategic risk and considered by this Panel.
- vii. 15 risks would remain 'Below the Line' – i.e. of less significant strategic risk and considered by Corporate Management Team.

6.1.4 Appendix A provides a latest summary of risks and proposed changes (highlighted) since the last review.

6.2 **MANAGING THE RISK OF FRAUD**

- 6.2.1 A review of the ESFRS processes for Managing the Risk of Fraud was reported to the Scrutiny & Audit Panel at its meetings in May 2008, April 2010 and May 2011. The tasks identified in the 2008 report were all completed by June 2010. The 2010 and 2011 reports contained no action points. Access to whistleblowing leaflets were re-issued to all employees. Further annual corporate risk training has since taken place on corporate governance and other compliancy issues.
- 6.2.2 In November 2011, the Audit Commission released a third national report called 'Protecting the Public Purse – Fighting fraud against local government'. The report identified specific risks identified as not adequately addressed within local government when considering fraud. Officers reassessed the ESFRS counter fraud plans and sought to ensure organisations that staff understand and have faith in whistleblowing arrangements.
- 6.2.3 In November 2012, the Audit Commission released a fourth national report called "Protecting the Public Purse – Fighting fraud against local government 2012". Officers have reassessed our current fraud plans against the report's findings and recommendations/assessment levels identified.
- 6.2.4 A summary of the outcomes of relevant risks identified within the report are set out at Appendix B, and Appendix C sets out the current status of the risk assessment levels identified within ESFRS with reference to the earlier Managing Risk of Fraud reviews (ESFRS adopted ESCC internal Risk Assessment process for managing the Risk of Fraud).

7. **2012/13 3rd QUARTER COMMUNITY PERFORMANCE RESULTS**

- 7.1 This report contains the Quarter 3 performance indicator results for 2012/13, compared with the results for the same quarter in 2011/12.
- 7.2 In terms of the performance so far this year, of the Fire Authority's priority areas, 2 have met their targets and 2 are within 10% of achieving their targets and 1 has missed its target. The main performance outcome summary is set out in Appendix E attached as a separate document, with an exceptions report set out as Appendix D.
- 7.3 The Panel is reminded that our strategic performance indicator targets continue to expect performance improvement across the entire Service. However, in many areas, it is also accepted that both the rate and scope of future improvement is slowing, and some of our targets for 2012/13 and the future trends reflect this position. In some areas, performance improvement will prove ever harder to achieve without smarter targeting of risk and community need. This is where the Service is striving to ensure all available information and tools at our disposal achieve even tighter targeting of services to the most vulnerable in our local communities in future years.
- 7.4 The report provides a simple Red, Amber, Green traffic light system. Where particular indicators show two or more reds, Appendix D summarises the explanations from the relevant responsible officers in relation to the variances in performance and a commentary on the actions needed to address the current downturn.
- 7.5 The Panel is asked to note that, at its request, additional indicators in relation to automatic fire alarms (AFAs) have been included in the quarterly performance report

to negate the need for a separate report on AFAs on the agenda. Information is now provided on the percentage of AFA calls that were challenged by ESFRS, the percentage of AFA calls that were turned back by ESFRS and the percentage of AFA mobilised calls to properties covered by the RRO that were then classified as a primary fire.

8. 2012/13 3rd QUARTER ESFRS KEY TASK AREAS AND CORPORATE PROJECT RESULTS

- 8.1 In September 2011, Corporate Management Team agreed to streamline reporting processes by reporting on Key Task Areas and Corporate Projects through the Interplan system. Accordingly, Appendix F attached contains the 3rd quarter results for 2012/13 at a strategic summary level.
- 8.2 Of the 27 projects identified in the Appendix, in terms of compliance with expected project completion timescales, the table below summarises the outcomes both in terms of actual progress in accordance with planned progress (timeliness) and success of progress in terms of outcomes.
- 8.3 In the more detailed report considered by CMT, Project Managers have included relevant comments on qualitative progress with their respective projects which are 'SMART' (Specific, Measurable, Achievable, Relevant and Timely). Apart from KTA 3: Charging for AFAs – which has been delayed awaiting legislation, there are no strategically significant issues to report and all are expected to be completed and on budget, based upon information available to date.

9. CAPITAL PROGRAMME COMPLIANCE WITH STAGE GATE APPROVAL PROCESSES

- 9.1 Corporate Management Team (CMT) have been monitoring on a monthly basis key capital programme projects against the agreed corporate stage gate approval processes:
- Stage 1: Prepare for corporate approval
 - Stage 2: Project Preparation
 - Stage 3: Pre-tender costs preparation
 - Stage 4: Tender process and contract award
 - Stage 5: Prepare individual activity budgets **Authorisation in place**
 - Stage 6: Do the project, reporting monthly **No authorisation**
 - Stage 7: Review the project
 - Stage 8: Financial settlement and close-down
- 9.2 All project owners are now managing their capital programme schemes to the stage gate approval processes and full compliance has been achieved.
- 9.3 CMT have now agreed that the detailed monthly reports no longer need to be reported to CMT although any non-compliance issues should be reported by the Performance Management Team to CMT on an exceptions basis. This was a corporate governance improvement issue which has now been resolved.

CORPORATE RISK REGISTER for approval by S & A Panel April 2013

With any changes highlighted.

Likelihood ↑	A					Likelihood: A Very high B High C Significant D Low E Very low F Almost impossible Impact: I Catastrophic II Critical III Marginal IV Negligible
	B			41, 44		
	C		31,34,42	5,10,35, 37, 41		
	D		4,6,11,24,	7,12,13,15, 16,19,39,40,		
	E					
	F					
		IV	III	II	I	
Impact →						

	"Above the line" Risks	PO Lead	Risk Status	Impact of September 2012 Review	Impact of November 2012 Review
5	Significant IT Failure	ACFO	CII	No change to risk rating	No change to risk rating
10	Achieving Corporate Aims & Objectives in current Financial Climate	CFO&CE	CII	No change to risk rating	No change to risk rating
35	Sussex Control Centre project with WSFRS.	ACO(SCC)	CII	No change to risk rating Recommend change of PO Lead from DCFO to ACO (SCC)	No change to risk rating.
37	Failure to respond effectively to the predicted and sustained economic/public sector downturn and expected reductions in grant funding - rename to "Managing the strategic resourcing gap"	CFO&CE	CII	No change to risk rating	No change to risk rating
41	Future Industrial Action	DCFO	BII	No change to risk rating	No change to risk rating – or should this reduce now?
44	Collaboration with WSFRS excluding Sussex Control Centre	CFO&CE	BII	No change to risk rating	No change to risk rating

'Below the line' Risks		PO Lead	Risk Status	Impact of September 2012 Review	Impact of November 2012 Review
4	Ineffective partnership working	DCFO	DIII	No change to risk rating	No change to risk rating
6	Operational incident performance below agreed standards	DCFO	DIII	No change to risk rating	No change to risk rating
7	Effective internal communications	ACO (POD) permanently DCFO temporarily	DII	No change to risk rating	No change to risk rating
11	Failure to deal with key performance / competence issues	DCFO	DIII	No change to risk rating	No change to risk rating
12	South East Fire Improvement Board	CFO&CE	DII	No change to risk rating	No change to risk rating
13	IRMP outcomes not being accepted by staff	DCFO	DII	No change to risk rating	No change to risk rating
15	Risk of failing to defend claim for compensation	ACFO	DII	No change to risk rating	No change to risk rating
16	Cost of pension scheme rise disproportionately to revenue settlement	ACO(GS) Treasurer	DII	No change to risk rating	No change to risk rating
19	Corporate Capacity	DCFO	DII	No change to risk rating	No change to risk rating
24	Legislation	CFO&CE	DIII	No change to risk rating	No change to risk rating
31	Pandemic Outbreak	DCFO	CIII	No change to risk rating	No change to risk rating
34	Sustained adverse/extreme/ abnormal weather	DCFO	CIII	No change to risk rating	No change to risk rating
39	Member Training on strategic issues including risk management	CFO&CE	DII	No change to risk rating	No change to risk rating
40	Occupational Road Risk	ACFO	DII	No change to risk rating	No change to risk rating
42	Protect Security work streams aimed at the vulnerability to terrorism and reduce the risk of information loss or misuse information owned or managed by ESFRS	ACFO	CIII	No change to risk rating	No change to risk rating

MANAGING THE RISK OF FRAUD

Summary of the Audit Commission's conclusions and ESFRS position.

Housing Tenancy Fraud

The Officers within ESFRS reviewed Housing Tenancy Fraud, this reference and actions relate to almost £900 million 2011/12. Main areas reported are Tenancy fraudsters are increasingly using false identities to obtain properties. Tenants claim various benefits including unemployment and housing, when in fact are working and some identified have a second property.

*There is **no risk** on this issue for ESFRS as we do not provide this service.*

Council Tax Fraud

The provision of Council Tax Fraud was considered by officers of ESFRS. This reference and actions relate to almost £26 billion from Council tax raised The NFA estimate that £131 million is lost through Council Tax Fraud. An awareness programme and use of data matching and partnership working with other authorities are identifying and increase, but are also tackling other fraud related issues such as student awards and empty property exemptions.

ESFRS cannot directly influence the performance of local councils as described in the Audit Commission's report, although ESFRS council tax yield is affected by any such losses in a similar way to all other local authorities dependent upon this income stream including the collection authorities themselves. Liaison on such matters is progressed through the East Sussex Financial Officers' Association.

Personal Budgets (direct payments) fraud

The provision of Personal Budgets (direct payment) was considered by officers of ESFRS. Personal Budgets relates to the provision of adult social care in England, currently costing over £17.5 billion each year.

*There is **no risk** on this issue for ESFRS as we do not provide or work directly within the adult social care field described within the Audit Commission report.*

Procurement

Councils and local agencies spend around £50 billion each year buying goods and services from suppliers. Fraud may occur at any stage in the procurement cycle, from the first business case to the award and management of the contract. The NFA estimates that procurement fraud costs councils about £890 million a year.

Fraud can occur at any point in procurement and contracting. The key areas external fraudulent activities during the procurement stage include;

- Collusion between staff and bidders to award contracts and specify favourable terms and conditions
- Collusion between bidders to agree that they will not bid competitively for a particular contract; and

- Bidders failing to tender in accordance with contract specifications, and then submitting false claims for extra costs under the contracts.

Key areas of external fraudulent activity include:

- Provide inferior goods and services.
- Intentionally override minimum statutory pay and health and safety regulations for financial gain;
- Present false invoices and/or
- Provide inflated performance information to attract greater payments than are due.

Local authorities should be vigilant with these new areas of fraud in procurement, with significant potential financial impact. The process includes more than one person agreeing any contract, controls and mechanisms within the contractual process minimise / eliminate the opportunity for fraud.

*Based on the profile of our procurement contracts, tendering processes including evaluations; levels of control in place and improvements which have been implemented in 2012/13 on client management of larger property contracts, it is considered appropriate to determine the level as **low** risk for ESFRS. But it does require corporate client management skills to be effective and for those staff to work in partnership with our procurement and finance teams and the City Council contracts lawyers as appropriate in relation to specialist and technical advice.*

Housing and Council Tax benefit fraud

2011/12, housing benefit and council tax fraud totalled £117 million. Data matching exercises within different department have identified claimants working part time and claiming benefits.

*There is **no risk** on this issue for ESFRS as we do not provide or work within the housing and council tax benefit described within the Audit Commission report. Changes to the system for local government finance in 2013/14 mean that the Fire Authority will have an exposure to risk of fraud from the replacement for Council Tax Benefit (see other emerging risks).*

Internal fraud

In all organisations, there is a risk that staff may commit fraud. The report identifies that fraud committed by local government staff has been consistently low. The low number of cases and small amounts involve reflects fundamental honesty in employees and control procedures in place. Maintaining robust staff recruitment policy and procedure, governance awareness programmes and whistleblowing arrangement support reducing such fraud.

*Based on current report finding, it is considered appropriate to determine the level as **low** risk for ESFRS. However, a report elsewhere on the Panel's agenda summaries issues which have arisen from an internal audit on compensatory pay by operational staff. There are always lessons to be learnt in ensuring both managers and staff know the extent to which they can approve pay related variations and the consequences of such issues as inadequate training and guidance; management misunderstandings; misinterpretations of policy or overly complex or complicated procedures.*

Mandate Fraud (formally known as change of bank details)

The Audit Commission collected the opinions of counter-fraud and senior finance officers on emerging fraud risk. The following are the significant risks reported in 2010/11;

- The expansion of personal budgets in social services;
- The impact of the current economic climate putting pressure on individual's finances and tempting people to commit fraud;
- Reduced staff numbers, which may weaken authorities' internal controls; and
- Fraudsters abusing expenditure information that authorities are now asked to publish, in order to defraud local public bodies.

Criminals, including some based outside of the UK, have targeted councils and other public organisations in an attempt to redirect payments intended for legitimate creditors such as large construction companies. Fraudsters have sent letters to council, public bodies that appear legitimate and often follow up with phone calls to chase payments. Fraudsters gather key details about key creditors from the information that councils and other public bodies publish on their websites. It reported that several detected frauds of this type have amounted to £7 million in 2010/11 and £4.6 million 2011/12.

Local public bodies are becoming increasingly successful at preventing these types of frauds by applying sound internal controls. They have prevented about £20 million of such attempted fraud. Fraud warnings, such as those issued by the National Anti-Fraud Network and Intelligence Service, have helped raise awareness of this risk. However fraudsters continue to target local public bodies.

ESFRS finance requires change of bank details for invoice in writing on headed paper and examines every request for its legitimacy.

*This is identified as **low** risk to ESFRS.*

Emerging fraud risks

Business rates fraud

Business rates (formally known as non-domestic rates) raise £21billion a year.

Fraud in this area includes:

- Falsely claiming mandatory or discretionary rate relief or empty property exemption;
- Failure to declare occupancy of a property;
- Falsely using insolvency status with the intent to evade rate payment; and
- Not disclosing relevant information – for example, about the size of the company, to gain rate relief.

Councils have reported significant increases in the applications for relief and incentive schemes for business rates in particular charitable relief. The Charity Commission has released guidance to prevent abuse of charitable status. Fraudsters are starting to exploit business rate collection arrangements, for example, some businesses declare bankruptcy when councils attempt to recover business rates. With effect from April 2013, councils will keep half of what they collect and as such any business rate fraud will directly reduce their tax yield.

ESFRS cannot directly influence the performance of local councils as described in the Audit Commission's report, although ESFRS income from locally retained business rates will be affected by any such losses in a similar way to all other local authorities dependent upon this income stream including the collection authorities themselves. Liaison on such matters is progressed through the East Sussex Financial Officers' Association.

Other emerging risks for fraud

Right to buy fraud
Social fund and local welfare assistance
Local council tax support
Fraud against schools
Grant fraud

Having reviewed the information within the report regarding the above 5 emerging risks for fraud

The primary emerging fraud risk for the Fire Authority is as a result of changes in the system of local government finance from 2013/14 which means that we will face the risk of loss of income as a result of any fraudulent activity in relation to business rates and local council tax support. Although primary responsibility for anti-fraud activity in these areas rests with the local billing authorities, joint work to protect these income streams is being co-ordinated through ESFOA of which the Fire Authority is a member

The persons interviewed from ESFRS regarding the above risk assessments were the Strategic Finance Manager, Contracts and Procurement Manager Estates Manager, Budget Control Manager and the Corporate Risk Support Manager.

Section 6 Appendix C

Summary of the Risk Assessment Levels identified within ESFRS regarding Managing the Risk of Fraud (ESFRS adopted ESCC internal Risk Assessment process for managing the Risk of Fraud).

Potential fraud risk area	Extreme Level	High Level	Medium Level	Low/Negligible Level
Cash Handling	0	0	0	5
Accounts Receivable	0	0	0	9
Accounts Payable	0	0	0	9
Payment Instruments	0	0	0	11
Stocks and Stores	0	0	0	3
Assets	0	0	0	8
Contracts	0	0	0	11
Loans and Investments	0	0	0	2
HR Payroll	0	0	0	12
Claims and Expenses	0	0	0	9
Insurance	0	0	0	5
Governance	0	0	0	7
IMD	0	0	0	10
Grants	0	0	0	2
Totals	0	0	0	103

Assessing Risk 'Impact'				
Risk Type	Extreme	High	Medium	Low / Negligible
Financial	£ Millions	£ Hundreds of thousands	£ Thousands	< £1,000
Reputation	Complete loss of public confidence	Poor reputation	Adverse publicity	Unfavourable media comment

Assessing Risk 'Likelihood'				
	Almost Certain	Likely	Moderate Chance	Unlikely / Rare
Frequency	More than one or two cases a year for past 2 years	One or two cases in past 2 years	One or two cases in the past 5 years	No previous instances

2013/14 3rd QUARTER COMMUNITY PERFORMANCE RESULTS

EXCEPTIONS REPORT – QUARTER 3 2012/13

Indicator	Commentary	Actions to be taken	Responsible Officer
16. Inspections of high risk premises completed	There were 118 Audits completed in Qtr 3. This give a projected year end result of 629 against a target of 700.	Progress was expected to slow from 26 th November 2012 due to the implementation of the new fire safety database system. During this period of parallel running (when staff are required to maintain two systems), a reduction in performance was expected and notified widely in advance.	Director of Prevention and Protection
5. The no. of working days/shits lost to sickness	There were 2.1 work days / shifts lost due to sickness during Qtr 3. This gives a projected year end result of 8.3 work days / shifts lost due to sickness against a target of 7.5.	There is an increase in short-term absence in both the wholetime and the M&CC area together with medium term absence for support staff which is contributing to the overall increase in sickness statistics against the same quarter last year, although overall there is a 13.1% drop in sickness over the same period. Ongoing robust use of the Attendance Management Policy needs to be ensured by managers.	Head of HR

Breakdown of Sickness	2011/12	2012/13
WT - Short term sickness	323	374
WT - Med. term sickness	156.5	126
WT - Long term sickness	473	286
Sub total	952.5	786
M&CC - Short term sick.	0	45.5
M&CC - Med. term sick.	30.5	4.5
M&CC - Long term sick.	46.6	46
Sub total	77	96
Support - Short term sick.	165	115
Support - Med. term sick.	101	159
Support - Long term sick.	202	145
Sub total	468	419
Overall total	1,497.5	1,301

(APPENDIX E IS ATTACHED AS A SEPARATE DOCUMENT)

2012/13 3rd QUARTER RESULTS FOR ESFRS KEY TASK AREAS & CORPORATE PROJECT RESULTS (See Section 8 above)

	Total No of projects	PROJECT PROGRESS					
		Not started	10% or less	11% to 25%	26% to 50%	51% to 75%	76% to 100%

	Total No of projects	10% or less	11% to 25%	26% to 50%	51% to 75%	76% to 99%	Completed
Key Task Areas	15	1	0	4	5	2	3
		Sussex Control Centre (Recorded at 6%; progress now taking place across all project areas, as reported separately to ESFA)	All as expected apart from KTA 3 Charging for AFAs will now be delayed until outcome of Government Bill – remains at 35% complete.				
Other Corporate projects which are critical to organisational effectiveness improvements	12	1	1	4	0	5	1
		ICT WAN upgrade - later phase - on track	All as expected apart from some functionality issues with Fireground Radios being resolved.				

