

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 10:00 hours on Thursday 15 May 2014.

Members Present: Councillors Buchanan, Carden, Galley, Lambert, Rufus (Chair), Taylor, Theobald and Wincott.

Also present:

Mr. D Prichard (Chief Fire Officer & Chief Executive), Mr. G. Ferrand (Assistant Chief Fire Officer), Mrs. C. Rolph (Assistant Chief Officer), Ms. L. Woodley (Deputy Monitoring Officer), Mr. W. Tricker (Head of Procurement & Finance), Mrs. L. Ridley (Head of Performance Management), Mr. P. King (Ernst & Young Auditors) and Mrs. S. Klein (Clerk).

890. DISCLOSABLE PECUNIARY INTERESTS

890.1 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.

891. APOLOGIES FOR ABSENCE

891.1 There were no apologies for absence.

892. ANY OTHER NON-EXEMPT ITEMS CONSIDERED URGENT BY THE CHAIR/ CHAIR'S BUSINESS

892.1 There were no urgent items for consideration.

892.2 The Chair welcomed Paul King, from Ernst & Young, the Fire Authority's external auditors, to the meeting. Hannah Champion was unable to attend this meeting, and would be leaving Ernst & Young on 3 June – the Chair asked Mr. King to pass on Members' thanks and best wishes to Ms. Champion.

892.3 The Chair also welcomed Warren Tricker to his first meeting as Head of Finance & Procurement.

893. TO CONSIDER PUBLIC QUESTIONS OR PETITIONS, IF ANY

893.1 There were none.

894. NON-CONFIDENTIAL MINUTES OF THE LAST SCRUTINY AND AUDIT PANEL MEETING HELD ON 16 JANUARY 2014

894.1 **RESOLVED** – That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 16 January 2014 be approved as a correct record and signed by the Chair. (Copy in Minute Book).

895. **CALLOVER**

895.1 Members reserved the following items for debate:

- 896 External Audit Plan and Update
- 897 Operational Assessment and Fire Peer Challenge
- 900 2012/13 Service Benchmarking
- 901 Internal Audit Review of Contracting & Procurement

895.2 **RESOLVED** – That all other reports be resolved in accordance with the recommendations as detailed below.

896. **EXTERNAL AUDIT PLAN AND UPDATE, INCLUDING 2013/14 DRAFT AUDIT PLAN, 2013/14 AUDIT PROGRESS REPORT, AND 2014/15 AUDIT FEE LETTER**

896.1 Members considered a joint report of the Chief Fire Officer & Chief Executive and the Treasurer that informed them of the content of the external audit plan 2013/14 and progress to date. (Copy in Minute Book).

896.2 Mr. King explained that the external audit plan set out the work that the Authority's external auditors, Ernst & Young LLP (EY), intended to carry out in order to audit the Authority's 2013/14 accounts and form their judgement on the Authority's value for money arrangements. EY had not identified any specific risks relating to the Authority's accounts and Mr. King reassured Members that the 'Risk of management override' was a generic risk, contained within all local authority audit plans, and not specific to ESFA.

896.3 Mr. King also explained how EY defined materiality, for the purposes of determining whether the accounts were free from material error, and how, although this could not provide an absolute level of assurance that the accounts were absolutely accurate, this level would be communicated to Members at a later date.

896.4 It was noted that Ms. Champion was still a member of the audit team when the Plan was drawn up and Members would be notified of her replacement in due course.

896.5 A formal report detailing the results of the 2013/14 audit would be brought to the September meeting of the Panel and the Annual Audit Letter would be published in November.

896.6 The CFO&CE had discussed the report with the Auditors and would have further discussions following the meeting of the Fire Authority on 5 June, when Members would have made decisions on how to achieve savings to meet the funding gap.

896.7 The Chair asked what actions EY could take if the Fire Authority failed to put in place suitable arrangements to meet the financial challenges. Among a number of options, Mr. King said that EY could 'qualify' their Value for Money conclusion if they were not satisfied.

896.8 The fee for the 2014/15 audit (Appendix C) was confirmed as £41,021 which was in line with the Audit Commission's nationally set scale of fees and was dependent on a number of factors including the quality and timeliness of the accounts and their associated working papers, and the ability of the external auditors to rely on the work carried out by internal audit. The fee for 2013/14 was agreed at £41,021 but the Authority also received a rebate of £5,614 from the Audit Commission.

896.9 **RESOLVED** – That

- (i) the External Audit Plan for 2013/14 be approved;
- (ii) the progress to date be noted; and
- (iii) the external audit fee for 2014/15 be noted.

897. **OPERATIONAL ASSESSMENT AND FIRE PEER CHALLENGE**

897.1 Members considered a report of the Chief Fire Officer & Chief Executive that presented the final report from the Operational Assessment and Fire Peer Challenge 2014. (Copy in Minute Book).

897.2 The Fire & Rescue sector had a strong and long-standing commitment to sector-led improvement. The Chief Fire Officers' Association (CFOA) had developed the concept of Operational Assessment (OpA) in 2009, in partnership with the Local Government Association (LGA) and the Chief Fire & Rescue Adviser (CFRA). This had a strong operational focus, and comprised a self assessment and external peer challenge designed to allow a 'whole system' look at how a Fire & Rescue Authority (FRA) leads, prioritises and delivers the interrelated functions of prevention, protection and response.

897.3 The Operational Performance Assessment and Fire Peer Challenge took place in late January 2014, and the final report was received by the Service in April 2014. The Peer Review Team reported at the feedback meeting that they had enjoyed undertaking the Peer Review at East Sussex and that it was a positive experience.

897.4 The CFO&CE informed Members that the Team had found ESFRS to be an excellent Service with very high standards. They had found ESFRS to be very influential and with good partnership working, although they were concerned that this may not be sustainable in the future. Although they had found Members to be engaged, staff felt that they did not always get the same message from Members and officers – the CFO&CE was unsure what was causing the lack of clarity, but the Service was found to be self-aware.

897.5 Liz Ridley explained that there would be a joint officer/Member session on OpA at the next Members' Seminar on 11 July 2014. There had already been an operational de-brief and solutions put in place to address the issues raised, including the appointment of a Communications Manager, and the Investors in People Award. The ACO said that this inter-active session would be an opportunity for Members to participate with officers on future working.

897.6 Councillor Theobald felt that partnership work could be more effective if IT issues were addressed. The ACFO explained that there are plans to substantially improve the IT infrastructure and a further report on this would be brought to the Panel in July.

- 897.7 Councillor Theobald also felt that staff needed to be reminded that Members were involved politically and this could lead to them appearing to deliver 'mixed messages'. The CFO&CE reminded Members that he held a staff briefing following each meeting of the Fire Authority and the consistent message since 2010 agreed by the Fire Authority had been the need to make considerable savings, including the need to reduce the number of staff. The CFO&CE also reminded Members that, although their view, articulated by the Chairman, was that a merger with West Sussex FRS would be the best solution, the key message from West Sussex was that they do not want to merge.
- 897.8 Councillor Galley felt that this was a positive report, although there were areas of concern that he did not recognise, such as CMT spending too much time on tactical or relatively minor decisions and Members needing to act more strategically now. He also picked up on Members expressing different views, according to their politics, and felt that staff should not expect unanimity but a majority view from Members.
- 897.9 Councillor Rufus made it clear that the report was a reflection of what the assessors had found, not necessarily what they thought or believed, and Members should be aware of this **perception** – the report had identified areas of the Service that needed additional work. The CFO&CE emphasised that the assessors had triangulated their views and he encouraged Members to take the opportunity to become Peer Assessors if the chance arose.
- 897.10 Councillor Lambert agreed that this was a good report and it was right to celebrate what was good about the Service, during a period when difficult decisions were being made. She asked how this was being publicised and whether an Action Plan was being drawn up.
- 897.11 Councillor Wincott thought that the report was vague, subjective, loaded, lacking in detail or evidence and made sweeping statements. He would like to have seen a proper explanation of how the report was compiled, how many staff were interviewed and how they were interviewed, and how the assessors reached their conclusions.
- 897.12 Councillor Rufus explained that a number of Members were involved in the process and officers had made sure that the assessors had access to all they needed to ensure evidence could be triangulated and was robust – the report presented the assessors' views, not their recommendations. The CFO&CE explained that OpA was an LGA-led process, and the methodology had been laid out beforehand, so had not been included in the report. Officers had spent six months compiling the Service's self-assessment, which Members had been invited to take part in, and an LGA manager had also been involved in the process.
- 897.13 Councillor Theobald felt that the report was fair and detailed, but she also raised concerns about the high sickness levels which had been identified – the CFO&CE explained that this was one of the Key Task Areas being worked on currently.

- 897.14 **RESOLVED** – That the following be noted:
- (i) the findings of the Operational Performance Assessment and Fire Peer Challenge;
 - (ii) that an appropriate action plan will be drawn up based on those ‘Areas to be Explored’ not already covered by the Service’s transformation programme; and
 - (iii) areas of Notable Practice identified by the Peer Team during the Assessment and the on-going commitment of staff to deliver the Fire Authority’s aims and objectives even at this time of change be acknowledged.

898. **2013/14 CORPORATE RISK REGISTER – 4TH QUARTER**

898.1 Members considered a report of the Chief Fire Officer & Chief Executive that reported on the latest quarterly review of Corporate Risk. (Copy in Minute Book).

898.2 **RESOLVED** – That the latest Corporate Risk Register be approved.

899. **2013/14 KEY TASK AREAS AND CORPORATE PROJECTS – 4TH QUARTER OUTTURN RESULTS**

899.1 Members considered a report of the Chief Fire Officer & Chief Executive that presented the 2013/14 4th quarter outturn results on our corporate Key Task Areas and Projects. (Copy in Minute Book).

899.2 **RESOLVED** – That the corporate progress made at the end of 4th Quarter 2013/14 within the context of the other work priorities be noted.

900. **2012/13 SERVICE BENCHMARKING**

900.1 Members considered a report of the Chief Fire Officer & Chief Executive that presented the Fire Statistics for 2012/13 and to benchmark ESFRS results against those of its family group. (Copy in Minute Book).

900.2 The report provided the results of an Annual Benchmarking Report that compared ESFRS to its peers, in particular the 13 Fire & Rescue Services (FRSs) that made up Family Group 2. These were FRSs deemed to be of similar size in terms of area and population. However, the family group did not have common service structures as some were Combined Fire Authorities and some were still part of a County Council.

900.3 The report presented an overview of the datasets available that allow comparisons between FRSs and the timeframes that they are published. It provided a number of comparisons of ESFRS against demographic information and current performance measures, as well as organisational resourcing.

- 900.4 It was intended to produce the Benchmarking Report annually for the November meeting of the Scrutiny & Audit Panel after the national datasets were published in September. (However, on this occasion, the DCLG datasets had been released in December 2013, delayed from the usual September release date due to internal restructuring within DCLG and, therefore, this report, to the Panel had been delayed).
- 900.5 The report contained information as at 31 March 2013 and there had been a number of changes made, particularly in relation to staffing levels, such as the number of senior managers (set out in Table 2 of the report).
- 900.6 Where this report had raised issues, e.g. in areas such as Health & Safety and the number of accidental dwelling fires, further work had been undertaken and dialogue had taken place to ensure that ESFRS were sharing best practice across Services.
- 900.7 Councillor Wincott thought this was a really good report and asked whether there were figures for East Sussex for non-fatal fire casualties but Ms. Ridley explained that these were not available.
- 900.8 Councillor Lambert was concerned about the high number of training incidents recorded for ESFRS, but the CFO&CE explained that there were different ways of recording these – ESFRS recorded all incidents that resulted in injury or loss of time from work (and these were going down) whereas some FRSs only recorded major incidents. The ACO highlighted that ESFRS provides more training days than some Services, which could account for a larger number of injuries.
- 900.9 Councillor Lambert suggested that sickness levels could also be included in future reports and the CFO&CE explained that Cleveland FRS was progressing a national report on sickness levels
- 900.10 **RESOLVED** – That
- (i) the contents of the report, given the delay in publication be noted; and
 - (ii) officers consider gathering sickness and Health & Safety data for the next Annual Benchmarking Report.

901. **INTERNAL AUDIT REVIEW OF CONTRACTING & PROCUREMENT**

- 901.1 Members considered a report of the Chief Fire Officer & Chief Executive that informed Members of the findings and recommendations of the internal audit review of contracting and procurement and the management response. (Copy in Minute Book).
- 901.2 An internal audit review of the Authority's procurement and contracting had given a minimal assurance opinion and identified weaknesses in control systems and compliance. A management response to address the recommendations had been agreed. The Fire Authority had already approved a new Procurement Strategy which included actions which would address the issues identified in the report.

- 901.3 Councillor Rufus was pleased the issues had been flagged up and asked where the Service would be if all the recommendations were implemented. Mr. Tricker was unable to answer categorically, but, having implemented these and a number of other actions, he would hope for a full assurance.
- 901.4 Councillor Buchanan asked about the timescale and impact of management's actions and Mr. Tricker confirmed that many actions had already been implemented, whilst complying with EU Directives and seeking legal advice where appropriate. The CFO&CE believed the Service had already moved to partial or full assurance and he would ask the Internal Auditors to build a review into their action plan for 2015/16 – he would ask officers to bring a report on the perceived progress to the Panel later this year. Initially it was suggested for September but the Head of Finance & Procurement suggested November would be more appropriate to allow sufficient time for changes to be implemented fully.
- 901.5 **RESOLVED** – That
- (i) the internal audit report be noted;
 - (ii) the management response be endorsed; and
 - (iii) a progress report be brought to the Panel in September 2014.

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

- 902.1 **RESOLVED** – That there were no items to be considered that required the exclusion of the press and public.

The meeting concluded at 11:20 hours.

Signed

Chair

Dated this

day of

2014