



## **EAST SUSSEX FIRE AUTHORITY**

### **SCRUTINY & AUDIT PANEL**

**THURSDAY 26 MAY 2016 at 10:00 hours**

#### **MEMBERS**

##### **East Sussex County Council**

Councillors Buchanan, Galley, Lambert, Taylor and Wincott.

##### **Brighton and Hove City Council**

Councillors Peltzer Dunn and Penn.

You are requested to attend this meeting to be held at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, at 10:00 hours.

#### **AGENDA**

Item No.	Page No.	
020.	1.	In relation to matters on the agenda, seek declarations of any disclosable pecuniary interests under Section 30 of the Localism Act 2011.
021.	1.	Apologies for absence.
022.	1.	Notification of items which the Chair considers urgent and proposes to take at the end of the agenda / Chair's business items.

(Any Members wishing to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing they must state the special circumstances which they consider justify the matter being considered urgently).

- [023.](#) 5. Non-confidential Minutes of the last Scrutiny & Audit Panel meeting held on 4 February 2016 (copy attached).
024. 2. Callover  
The Chair 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.
- [025.](#) 11. External Audit Update – joint report of the Chief Fire Officer and Assistant Director Resources / Treasurer (copy attached) including:  
External Audit Plan 2015/16  
External Audit Fee Letter 2016/17
- [026.](#) 13. Changes to arrangements for appointments of External Auditors – joint report of the Chief Fire Office and Assistant Director Resources / Treasurer (copy attached).
- [027.](#) 19. Internal Audit Annual Report and Opinion for the period 1 April 2015 to 31 March 2016 – joint report of the Chief Fire Officer and Assistant Director Resources / Treasurer (copy attached).
- [028.](#) 33. Internal Audit Strategy and Plan 2016/17 – joint report of the Chief Fire Officer and Assistant Director Resources / Treasurer (copy attached).
- [029.](#) 41. Assessment of the Corporate Framework and Annual Governance Statement for 2015/16 – joint report of the Chief Fire Officer, Deputy Chief Fire Officer, Assistant Director Resources / Treasurer and Monitoring Officer (copy attached).
- [030.](#) 51. Performance Results 2015/16 – 4<sup>th</sup> Quarter – report of the Chief Fire Officer (copy attached).
- [031.](#) 63. Projects Progress 2015/16 – 4<sup>th</sup> Quarter – report of the Chief Fire Officer (copy attached).
- [032.](#) 65. Corporate Risk Register Review 2015/16 – 4<sup>th</sup> Quarter – joint report of the Chief Fire Officer and Assistant Director Resources / Treasurer (copy attached).
- [033.](#) 69. Attending Calls to Automatic Fire Alarms – Policy Review – report of the Chief Fire Officer (copy attached).
- [034.](#) 77. 2015/16 Annual report of the ESFRS Local Firefighters' Pension Board – report of Councillor Carla Butler, Chair of the Local Firefighters' Pension Board (copy attached).

035. 3. 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.

036. 85. Confidential Minutes of the last Scrutiny & Audit Panel meeting held on 4 February 2016 (copy attached). (Exempt categories under paragraphs 1, 2 and 3 of the Local Government Act 1972).

037. 87. Service Training Centre Accident Investigation – Executive Summary – confidential report of the Chief Fire Officer (copy attached). (Exempt category under paragraph 2 of the Local Government Act 1972).

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



## Agenda Item No. 023

### 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 4 February 2016.**

**Members Present:** Councillors Galley, Howson, Lambert (Chair), Peltzer Dunn, Penn, Taylor and Wincott.

N.B. Councillor Howson attended the meeting in place of Councillor Buchanan, having been approved by the Deputy Monitoring Officer.

**Also present:**

Mr. G. Walsh (Chief Fire Officer), Mr. S. Apter (Deputy Chief Fire Officer), Mrs. C. Rolph (Assistant Chief Officer), Ms. L. Woodley (Deputy Monitoring Officer), Mr. D. Savage (Treasurer), Mr. W. Tricker (Head of Finance & Procurement), Mrs. L. Ridley (Head of Performance Management) and Mrs. S. Klein (Clerk).

006. **DISCLOSABLE PECUNIARY INTERESTS**

006.1 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.

007. **APOLOGIES FOR ABSENCE**

007.1 Apologies for absence were received from Councillor Buchanan.

008. **ANY OTHER ITEMS CONSIDERED URGENT BY THE CHAIR / CHAIR'S BUSINESS**

008.1 There were none.

009. **NON-CONFIDENTIAL MINUTES OF THE SCRUTINY AND AUDIT PANEL MEETING HELD ON 5 NOVEMBER 2015**

009.1 **RESOLVED** – That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 5 November 2015 be approved as a correct record and signed by the Chair. (Copy in Minute Book).

010. **CALLOVER**

010.1 Members reserved the following items for debate:

011. 2015/16 Third Quarter Performance Results

012. 2015/16 Third Quarter Corporate Projects and Programmes Progress

014. Aerial Rescue Pump – Implementation Review

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

011. **2015/16 THIRD QUARTER PERFORMANCE RESULTS**

011.1 Members considered a report of the Chief Fire Officer that presented the third quarter performance results 2015/16. (Copy in Minute Book).

011.2 The report provided the Panel with a summary of service performance for the third quarter of 2015/16 and contained the revised measurement for response standards as agreed by the Panel in November 2015. It was noted that this was an interim measure pending a comprehensive review of attendance standards to be undertaken in this year's IRMP.

011.3 Councillor Galley suggested that there were too many targets and, whilst recognising that a lot were set nationally, he asked whether our own local targets could be reviewed, for instance the targets for responding to AFAs, which he thought might take up a lot of officers' time. Ms Ridley explained that the Service was currently considering moving from targets to control charts, which would be simpler and more streamlined, and a report would be brought to Members following this year's fourth quarterly report. The Chief Fire Officer confirmed that the Chief Fire Officers' Association (CFOA) had put forward national measures for consideration.

011.4 Councillor Wincott asked when the report on responses to AFAs would be published, and the CFO assured him that this work was on-going. An external validation process meeting with the representative bodies was held at the end of January and it was planned to bring a report to the next meeting of the Panel in May 2016.

011.5 Councillor Galley was also concerned that ESFRS was in the lowest quartile for three of the four targets for maintaining and improving the standards of health, safety and welfare of staff and providing a safe and secure workplace.

011.6 Councillor Peltzer Dunn was disappointed to see sickness absence increasing since the last quarterly report, and the Assistant Chief Officer explained that this was due in part to an increase in Sussex Control Centre staff taking more sick leave due to stress; and an increase in sickness amongst wholetime firefighters. There were no trends emerging around the increase in firefighter sickness and staff sickness was now being managed under the Bradford Factor scheme, with short term absences now under control. The ACO explained that 'long term' sickness was that lasting more than 28 days, and this included instances of cancer and broken limbs.

011.7 **RESOLVED** – That the 2015/16 performance results for Quarter 3 be noted, as set out in the report and complementary separate Appendix A.

012. **2015/16 THIRD QUARTER CORPORATE PROJECTS AND PROGRAMMES  
PROGRESS REPORT**

012.1 Members considered a report of the Chief Fire Officer that informed them of progress against key milestones, identified slippage, and reported compliance with project governance. (Copy in Minute Book).

012.2 Members noted key points from the project portfolio, including that the Sussex Control Centre project was awaiting strategic actions by the Chief Fire Officer; IMD Transformation had reached the competitive dialogue stage and was proceeding well; and Newhaven Fire Station was complete and had been handed over on 7 December 2015. ESCC Project Services had been engaged to manage the Service HQ relocation programme; the Emergency Services Mobile Communications Programme (ESMCP) was proceeding to the procurement stage; and Firewatch stage 1 would finish in the first quarter of 2016/17, with phase 2 project documentation being prepared.

012.3 Councillor Galley asked for more information on three areas: the SCC project, the IMD Transformation Programme, and the Service HQ relocation programme.

012.4 Regarding the SCC project, the CFO confirmed that, following further discussions with Remsdaq, there had been an initial, 'without prejudice' demonstration of their technical solution to address failures at FAT6 in December 2015. A small team of officers from ESFRS observed a further demonstration this week.

012.5 Councillor Peltzer Dunn was concerned at the human cost of delays to the SCC project, and the CFO agreed that stress could be an issue and, therefore, additional staff were being recruited to the SCC, with costs shared with West Sussex, to alleviate the problems.

012.6 Members noted that discussions were taking place with three potential contractors for the IMD Transformation Programme. The Head of Finance & Procurement confirmed that the Invitation to Participate in Dialogue (ITPD) Phase 1 was now 100% complete. The on-going dialogue was due to be completed by 5 February 2016, following which the three potential contractors would be invited to submit their final bids by 12 February – he believed that a projected contract award by 31 March was still achievable

012.7 The Deputy Monitoring Officer explained to Members that legal advice for the appointment of a third party Programme Management Team to support the Service HQ move had not been sought from Brighton & Hove City Council until the end of September, following which advice was given – there had, therefore, not been a delay of 61 days.

- 012.8 Councillor Howson asked whether the moves to Lewes were still on schedule for June and December 2016 and the CFO explained that, whilst these dates were still aspirational, he thought the moves would be completed by 31 March 2017.
- 012.9 Councillor Howson asked whether Newhaven Fire Station was now complete and the CFO confirmed that the three parties were now occupying the building.
- 012.10 **RESOLVED** – That the report be noted.
013. **2015/16 THIRD QUARTER CORPORATE RISK REGISTER REVIEW**
- 013.1 Members considered a report of the Treasurer on the latest quarterly review of Corporate Risk which sought their agreement on outcomes. (Copy in Minute Book).
- 013.2 **RESOLVED** – That the latest Corporate Risk Register be approved.
014. **AERIAL RESCUE PUMP – IMPLEMENTATION REVIEW AND FUTURE CREWING ARRANGEMENTS**
- 014.1 Members considered a report of the Chief Fire Officer that presented the outcomes of the planned implementation review following the introduction of the Aerial Rescue Pump (ARP) at Eastbourne Community Fire Station. The report also identified the modified future crewing arrangements for the vehicle, required as a result of the Fire Authority's decision to accept a range of savings proposals as an alternative to Day Crewed Plus. (Copy in Minute Book).
- 014.2 The Chief Fire Officer reminded Members of the crewing arrangements for the ARP and how these were being implemented to meet the savings identified and agreed by the Fire Authority. Councillor Wincott suggested that the ARP was troublesome and not cost effective if it could not be utilised to its full capacity due to budget restraints and the CFO explained how the ARP was being used across the County, particularly to support Hastings and the City of Brighton & Hove. He also explained that the ARP was suitable for the needs of Eastbourne and the Service at the time it was purchased, and this remains the case; it was also the most reliable ARP in the country and staff were seeing its benefits. Councillor Taylor had seen the ARP in use in a number of situations and thought it was brilliant!
- 014.3 The CFO also assured Councillor Wincott that the apparent high number of defects detected by firefighters was normal when introducing a new appliance which staff were not familiar with, as they spent longer checking it and raising any queries for clarification.
- 014.4 **RESOLVED** – That the following be noted:
- i the report and the key findings from the implementation review; and
  - ii the amended crewing arrangements to come into effect in 24 months' time, and the resultant changes to operational capability.



015. **COUNTER FRAUD PROJECT OUTCOMES**

015.1 Members considered a joint report of the Chief Fire Officer, Treasurer and Deputy Monitoring Officer that provided an update on the outcomes from the review of the Authority's Counter Fraud approach. (Copy in Minute Book).

015.2 It was noted that there were three appendices – the Fraud Risk Assessment & Counter Fraud Action Plan; the Fraud Awareness Survey Report Recommendations, cross referenced to the Counter Fraud Action Plan; and a third appendix – the Fraud Awareness Survey, Summary of Responses – which was considered by Members in the confidential part of the meeting (see confidential minute no. 018).

015.3 **RESOLVED** – That:

- i the outcomes from the Counter Fraud Review be noted; and
- ii the Counter Fraud Action Plan be approved.

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

016.1 **RESOLVED** – That item number 017 be exempt under paragraphs 2 & 3, and item numbers 018 and 019 be exempt under paragraphs 1 and 2 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 and accordingly are not open for public inspection on the grounds that they include (para 1) information relating to any individual, (para 2) information which is likely to reveal the identity of an individual, and (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

The meeting concluded at 11:03 hours

Signed

Chair

Dated this

day of

2016



**EAST SUSSEX FIRE AUTHORITY**

**Panel** Scrutiny & Audit  
**Date** 26 May 2016  
**Title of Report** External Audit Update  
**By** Chief Fire Officer and Assistant Director Resources / Treasurer  
**Lead Officer** Duncan Savage, Assistant Director Resources / Treasurer

**Background Papers** None

**Appendices** 1. External Audit Plan 2015/16  
 2. External Audit Fee Letter 2016/17

**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	✓
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>	✓	<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To inform the Panel of the content of the external audit plan 2015/16 and the proposed fee for 2016/17

**EXECUTIVE SUMMARY**

The attached external audit plan (Appendix 1) sets out the work that the Authority's external auditors, Ernst & Young LLP (EY), intend to carry out in order to audit the Authority's 2015/16 accounts and form their judgement on the Authority's value for money arrangements. EY has not identified any specific risks relating to the Authority's accounts.

The fee for the 2016/17 audit (Appendix 2) is confirmed as £30,766 which is in line with the nationally set fee scales and is unchanged from 2015/16. It is 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.

**RECOMMENDATION** The Panel is recommended to:

- (i) Approve the External Audit Plan for 2015/16
- (ii) Note the external audit fee for 2016/17



**EAST SUSSEX FIRE AUTHORITY**

**Panel** Scrutiny & Audit  
**Date** 26 May 2016  
**Title of Report** Changes to arrangements for appointments of External Auditors  
**By** Chief Fire Officer and Assistant Director Resources / Treasurer  
**Lead Officer** Duncan Savage – Assistant Director Resources / Treasurer

**Background Papers** None

**Appendices** None

**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	✓
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>		<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To advise Members of the options for approval of new External Auditors and seek approval to indicate to the Local Government Association (LGA), that we will opt in to a Sector Led Body (SLB)

**EXECUTIVE SUMMARY** This report summarises the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits. The Fire Authority will need to consider the options available and put in place new arrangements in time to make a first appointment by 31 December 2017. Initial indications locally and across the fire sector are that most authorities will seek to appoint their external auditors through the LGA’s Sector Led Body.

**RECOMMENDATION** Members are recommended to:

- a) support the Local Government Association (LGA) in setting up a national Sector Led Body (SLB) by indicating an intention to “opt-in”; and
- b) note that a further report will be brought to the Fire Authority to seek final approval to appoint its external auditors, through the national SLB, in December 2016, including details of any associated costs.

## 1. **BACKGROUND**

- 1.1 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.
- 1.2 The Fire Authority's current external auditor is Ernst & Young LLP (EY), this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission the contract is currently managed by Public Sector Audit Appointments Limited (PSAA), the transitional body set up by the LGA with delegated authority from the Secretary of State CLG. Over recent years local government has benefited from reductions in fees in the order of 50% compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of accountants and savings from closure of the Audit Commission. The Fire Authority's current external audit fees are £30,766 per annum.
- 1.3 When the current transitional arrangements come to an end on 31 March 2018 the Fire Authority will be able to move to local appointment of the auditor. There are a number of routes by which this can be achieved, each with varying risks and opportunities. Current fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered NHS and local government bodies and offered maximum economies of scale.
- 1.4 The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Fire Authority's audit must follow. Not all accounting firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Fire Authority. The registration process has not yet commenced and so the number of firms is not known but it is reasonable to expect that the list of eligible firms may include the top 10 or 12 firms in the country, including our current auditor. It is unlikely that small local independent firms will meet the eligibility criteria.

## 2. **OPTIONS FOR A LOCAL APPOINTMENT OF EXTERNAL AUDITORS**

There are three broad options open to the Fire Authority under the Local Audit and Accountability Act 2014 (the Act):

### 2.1 **OPTION 1** **To make a stand-alone appointment**

In order to make a stand-alone appointment the Fire Authority will need to set up an Auditor Panel. The members of the panel must be wholly or a majority independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Fire Authority's external audit. A new independent auditor panel would need to be established by the Fire Authority to select the auditor.

#### *Advantages/benefits*

Setting up an auditor panel allows the Fire Authority to take maximum advantage of the new local appointment regime and have local input to the decision.

#### *Disadvantages/risks*

Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus on going expenses and allowances.

The Fire Authority will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.

The assessment of bids and decision on awarding contracts will be taken by independent appointees and not solely by elected members.

### 2.2 **OPTION 2** **Set up a Joint Auditor Panel/Local Joint Procurement Arrangements**

The Act enables the Fire Authority to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice will be required on the exact constitution of such a panel having regard to the obligations of each Fire Authority under the Act and the Fire Authority need to liaise with other local authorities to assess the appetite for such an arrangement.

#### *Advantages/benefits*

The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.

There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

### *Disadvantages/risks*

The decision making body will be further removed from local input, with potentially no input from elected members where a wholly independent auditor panel is used or possible only one elected member representing each fire authority, depending on the constitution agreed with the other bodies involved.

The choice of auditor could be complicated where individual fire authorities have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for the Fire Authority. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel choose a firm that is conflicted for this Fire Authority then the Fire Authority may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

## 2.3 **OPTION 3** **Opt-in to a sector led body**

In response to the consultation on the new arrangement the LGA successfully lobbied for local authorities (including fire authorities) to be able to 'opt-in' to a Sector Led Body (SLB) appointed by the Secretary of State under the Act. An SLB would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

### *Advantages/benefits*

The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities

By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation

Any conflicts at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon.

The appointment process would not be ceded to locally appoint independent members. Instead a separate body will be set up to act in the collective interests of the 'opt-in' authorities. The LGA are considering setting up such a body utilising the knowledge and experience acquired through the setting up of the transitional arrangements.

### *Disadvantages/risks*

Individual elected members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.

The LGA does not yet have approval from DCLG for its SLB – if this is not forthcoming then the Fire Authority would need to put in place alternative arrangements.

In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB will need local authorities to indicate their intention to opt-in before final contract prices are known.



### 3. **THE WAY FORWARD**

- 3.1 The Fire Authority has until December 2017 to make an appointment. In practical terms this means one of the options outlined in this report will need to be in place by spring 2017 in order that the contract negotiation process can be carried out during 2017.
- 3.2 The LGA is working on developing a Sector Led Body. In a recent survey, 58% of respondents expressed an interest in this option. Greatest economies of scale will come from the maximum number of local authorities acting collectively and opting-in to a SLB. In order to strengthen the LGA's negotiating position and enable it to more accurately evaluate the offering the Fire Authority is recommended to express its interest in opting in to a SLB. A formal decision to opt-in will be required at a later stage. Initial indications locally and across the fire sector are that most authorities will seek to appoint External Auditors through the LGA's SLB.

### 4. **RISK MANAGEMENT**

- 4.1 There is no immediate risk to the Fire Authority, however, early consideration by the Fire Authority of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.
- 4.2 Providing the LGA with a realistic assessment of our likely way forward will enable the LGA to invest in developing appropriate arrangements to support the Fire Authority.

### 5. **LEGAL IMPLICATIONS**

- 5.1 Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.
- 5.2 Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.
- 5.3 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

6. **FINANCIAL IMPLICATIONS**

- 6.1 Current external fees levels are likely to increase when the current contracts end in 2018. There will be costs involved in any of the options however it is likely that these will be minimised by opting in to the SLB. Once costs are known then these can be built into existing plans for 2016/17 and the 2017/18 budget.
- 6.2 Opting-in to a national SLB provides maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an auditor panel.

**EAST SUSSEX FIRE AUTHORITY**

**Panel** Scrutiny & Audit

**Date** 26 May 2016

**Title of Report** Internal Audit Annual Report and Opinion for the period 1 April 2015 to 31 March 2016

**By** Chief Fire Officer and Assistant Director Resources / Treasurer

**Lead Officer** Duncan Savage, Assistant Director Resources / Treasurer

**Background Papers** Scrutiny & Audit Panel 28 May 2015 Item 967 – Internal Audit Strategy and Annual Audit Plan 2015-16

**Appendices** Annual Internal Audit Report and Opinion 2015/16

**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>		<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To provide an Opinion on East Sussex Fire Authority’s internal control environment and report on the work of Internal Audit for the period 1 April 2015 to 31 March 2016.

**EXECUTIVE SUMMARY** On the basis of the audit work completed, East Sussex County Council’s (ESCC) Head of Assurance, as East Sussex Fire Authority’s (ESFA) Head of Internal Audit, is able to provide reasonable assurance that the Fire Authority has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2015 to 31 March 2016. Individual reports on the systems evaluated by internal audit included recommendations to enhance controls and management have drawn up action plans to implement these recommendations.

Members' attention is drawn to the following:

- All reports received full or substantial assurance opinions.
- The intention to carry forward up to 20 days to conduct a Management Control Compliance review at the Service Training Centre in 2016/17.
- Information on the Internal Audit Service's performance compliance with the Public Sector Internal Audit Standards (PSIAS).

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**RECOMMENDATIONS** The Panel is recommended to:

- (i) note the Internal Audit Service's opinion on the Fire Authority's internal control environment for 2015/16; and
  - (ii) consider whether the Fire Authority's system for internal audit has proved effective during 2015/16
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**EAST SUSSEX FIRE AUTHORITY**

**INTERNAL AUDIT ANNUAL REPORT**

**AND OPINION 2015-2016**

## **1. Introduction**

1.1 East Sussex County Council (ESCC) has provided the internal audit service to the Fire Authority since 1 April 1997 and we are pleased to submit this annual report of our work for the year ended 31 March 2016. The purpose of this report is to give an opinion on the adequacy and effectiveness of East Sussex Fire Authority's framework of internal control.

## **2. Internal Audit within East Sussex Fire Authority**

2.1 On behalf of the Fire Authority, it is a management responsibility to determine the extent of internal control in the Fire Authority's systems, and it should not depend on internal audit as a substitute for effective controls.

2.2 The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.

2.3 Most of the work carried out by internal audit is in the form of risk based audits which analyse and report upon the existence, operation and effectiveness of internal controls within specified systems, both financial and otherwise. All audit reports produced have included a management action plan where recommendations have been made which will enhance the level of control, together with an opinion on the systems reviewed.

2.4 The internal audit service provided by ESCC continues to be supplemented with the use of specialist ICT audit resources from Mazars Public Sector Internal Audit Ltd (previously Deloitte). With the agreement of the Assistant Director of Resources and Treasurer, this specialist resource is also being applied to work for East Sussex Fire Authority, with the ESCC Assurance Division remaining ultimately responsible for the production and delivery of the Fire Authority audit plan, even where we may seek to use external specialists to deliver the work on our behalf.

## **3. Delivery of the Internal Audit Plan**

3.1 In accordance with the 2015/16 annual audit plan, a programme of audits, based on an assessment of risk, was carried out across the Fire Authority. In line with best practice, this programme of audit activity was reviewed during the year and revised to reflect changes in risk and priority to enable us to provide an adequate level of assurance. All adjustments to the audit plan were agreed with the Assistant Director of Resources and Treasurer.

3.2 The terms of reference, approach and audit objectives for each audit assignment have also been discussed and agreed with the Assistant Director of Resources and Treasurer, to whom final internal audit reports are issued for consideration in the first instance, prior to wider consultation and consideration.

## 4. Audit Opinion

**4.1 No assurance can ever be absolute; however, based on the internal audit work completed, I can provide reasonable assurance that East Sussex Fire Authority has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2015 to 31 March 2016.**

[ESCC Head of Assurance and Head of Internal Audit for the Fire Authority].

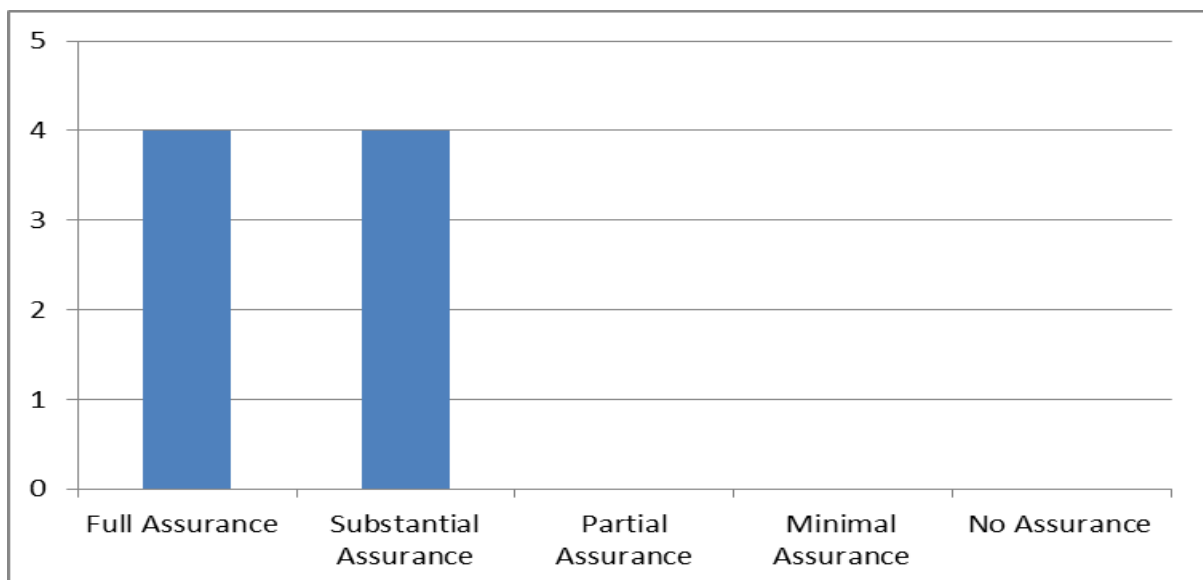
4.2 Audit testing has confirmed that the majority of key controls examined are working in practice, with some specific exceptions. Where improvements to control or compliance are required, we are satisfied that appropriate action has been agreed by the relevant managers within reasonable timescales. The overall level of assurance given also takes into account:

- All audit work completed during 2015/16 and, where relevant, in previous years;
- Follow-up of actions from previous audits where appropriate;
- Management's response to the findings and recommendations;
- The effects of any significant changes in the Fire Authority's systems;
- The level of resources available to deliver the audit plan.

4.3 No limitations were placed on the scope of internal audit during 2015/16.

## 5. Summary of Work and Key Findings

5.1 The following chart provides a summary of the outcomes from all audits <sup>1</sup>completed during 2015/16 with standard audit opinions (including key financial system work):



<sup>1</sup> Includes one draft report currently with management awaiting finalisation

5.2 A summary of the main findings from these reviews and all other work completed in 2015/16 is included at Appendix A.

## **6. Variations to the Audit Plan**

6.1 Throughout the year, variations were made to the internal audit plan to reflect changing risks and priorities. These variations were discussed and agreed with the Assistant Director of Resources and Treasurer on behalf of the Fire Authority. The main changes relate to the removal or deferring of some reviews as set out below. Whilst this has resulted in less audit work being completed than originally planned, we are satisfied that sufficient coverage has been achieved in order for us to continue to provide an overall audit opinion.

### Reviews Removed:

- Community Volunteer Scheme
- Service Transformation Programme

### Reviews Deferred:

- Management Control Compliance – Training Centre

6.2 As at 31 March 2016, apart from two audits removed, the majority of internal audit work within the Fire Authority audit plan for 2015/16 had been completed. Of those remaining, one review (the fundamental accounting system review of Pensions) had not been finalised, but had been drafted and was with management awaiting finalisation. The other review (Training Centre – Management Control Compliance) was deferred until later in 2016/17 to allow for the recommendations from other independent reviews to be implemented.

6.3 The table in Appendix B shows time spent against each of the areas set out in our original audit plan for the year.

## **7. PERFORMANCE**

7.1 It is the Fire Authority's responsibility to maintain an effective internal audit service and the information set out below should provide a sufficient basis for making this determination.

7.2 Public Sector Internal Audit Standards (PSIAS) require the internal audit service to be reviewed annually against the Standards, supplemented with a full and independent external assessment at least every five years. The following paragraphs provide a summary of our performance during 2015/16, including the results of our latest PSIAS self-assessment, an update on our Quality Assurance and Improvement Programme and the year end results against our agreed targets.



## **PSIAS**

7.3 The PSIAS cover the following aspects of internal audit, all of which have been assessed during 2015/16 by the Head of Assurance and Head of Internal Audit for the Fire Authority:

- Purpose, authority and responsibility;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality assurance and improvement programme;
- Managing the internal audit activity;
- Nature of work;
- Engagement planning;
- Performing the engagement;
- Communicating results;
- Monitoring progress;
- Communicating the acceptance of risks.

7.4 The results of this work found a high level of conformance with the Standards with only a small number of actions identified. The main area for improvement related primarily to reviewing and updating our internal audit quality manual.

### **Key Service Targets**

7.5 Results against our previously agreed service targets are set out in Appendix C, with overall performance remaining high.

7.6 Finally, internal audit continue to work closely with the Fire Authority's external auditor, Ernst and Young, especially in support of their work on the annual accounts.

**SUMMARY OF INTERNAL AUDIT FINDINGS**  
**For the period of 1 April 2015 to 31 March 2016**

**Reporting to ESFRS Management and the Scrutiny and Audit Panel**

Where required, the Head of Assurance has attended Scrutiny and Audit Panel meetings and offered advice and assistance to management throughout the year. This includes regular liaison meetings with the Assistant Director of Resources and Treasurer along with the production of the annual report and opinion and annual strategy and audit plan for presentation to the Scrutiny and Audit Panel.

**Information Governance**

ESFRS process personal information to enable the organisation to carry out firefighting and emergency services which includes managing responses to fire incidents and traffic accidents, carrying out home safety visits as well as an increasing range of community safety activities. It also processes information in order to maintain the organisation's accounts and keep records, including fire service assets and property.

In 2010/11, a project was initiated within ESFRS to implement an effective information governance framework to protect information assets, both hard copy and electronic data, from unauthorised access, disclosure and modification. Following this review, the organisation achieved Level 1 compliance with Her Majesty's Government (HMG) Information Assurance Maturity Model (IAMM).

As part of our review, we examined the current approach to information governance (IG), including the adequacy of policy frameworks, data protection responsibilities and compliance, the management of electronic and manual records containing personal data and data sharing. In undertaking this work, we found that:

- Organisational policies are clearly defined and made available to employees and the public. They contain comprehensive controls and are regularly reviewed and reported upon;
- Robust data protection responsibilities and reporting mechanisms are in place to monitor compliance with the Data Protection Act (DPA) throughout the organisation;
- Improved controls have been implemented and continue to be developed regarding data sharing agreements with third parties, in addition to internal asset monitoring;
- Employee awareness and training has evolved to include a detailed online training course, presentations by the DPA Officer and printed material available throughout all ESFRS buildings. Employee contracts require staff to respect and comply with the principles of confidentiality and the organisation's IG framework.

We also acknowledged that the Information Management Department (IMD) is currently undergoing a transformation whereby IT services are being outsourced. This review confirmed that this should not affect the day to day procedures adopted by the organisation in relation to IG roles and responsibilities.

As a result of our work in this area, it is pleasing to report that we were able to provide an audit opinion of **full assurance**. No recommendations for improvement were made.

### **Information Management Department (IMD) Transformation Programme**

Following a server failure in 2013 and the departure of the former Head of IMD, a number of external reviews were undertaken of the ICT infrastructure, which identified several problems with the infrastructure estate. As a result, an action plan was put in place to transform the IMD to deliver a more reliable, resilient and cost-effective ICT support service for ESFRS which is able to meet the future needs of the business. The IMD Transformation Programme was scoped to consider a range of options ranging from partnerships with other public bodies to the complete outsourcing of the IMD.

The main purpose of this audit was to review the governance of the programme, project, budget and risk management arrangements and communications. We also sought assurance that implementation plans were in place. The review was carried-out using an established methodology, involving ESFRS officers conducting a self-assessment questionnaire which was then subject to internal audit review and challenge. We reported on the basis of this questionnaire and associated evidence provided.

Overall, we were able to provide an opinion of **substantial assurance**. We found that the key elements of successful project management were in place, as well as effective governance and risk management arrangements. Some areas for improvement were, however, identified, including the need to:

- Establish more detailed and measurable programme objectives;
- Develop an overall budget for the transformation programme;
- Ensure appropriately skilled and experienced staff, including a replacement project sponsor, are in place.

It should be noted that it is management's view that these improvements (particularly the first two points) are largely dependent upon the market appetite and likely offers from suppliers to provide an outsourced function. In agreeing the recommendations raised in the audit report, management were keen to stress that, once the market had responded to the procurement request, more detailed plans could be made.

### **Sussex Control Centre – ICT Project Assurance**

Sussex Control Centre (SCC) is a joint initiative of the ESFRS and West Sussex Fire and Rescue Service (WSFRS) to merge respective control room operations into a single control centre situated in Haywards Heath. As part of this initiative, a single mobilising computer system has been procured to be operated by both services.

The SCC went live in May 2014. However, due to significant delays in development of the new mobilising system, legacy systems from the old Eastbourne and Chichester sites continued to be operated as a temporary solution from the new control centre at Haywards Heath.

Due to the delays in implementing the new mobilising system, Mazars was engaged in April 2015 to provide independent assurance over key decisions concerning the continued use and availability of the technology required to operate the SCC and to provide practical recommendations to improve the programme and change management approach. In their report, Mazars highlighted a number of necessary improvements required to ensure the successful implementation of the new system.

Our subsequent work in this area focussed on reviewing project management arrangements against best practice. We used a structured methodology which involved completing a high level assessment of project management, with particular regard to the arrangements for mitigating the risks of system delivery failure and establishing robust contingency arrangements.

We were able to provide an opinion of **substantial assurance** based on the adequacy of governance arrangements within ESFRS on this project, whilst recognising, however, that the success of the project is dependent on the supplier's ability to deliver a mobilising system that meets the agreed system specifications. One condition of the contract requires the supplier to conduct trials (known as Factory Acceptance Tests (FAT)) in order to demonstrate that the solution functions in line with the specification. At the date of our audit, these tests had still not proved successful, with ongoing liaison taking place with the supplier in an attempt to ensure sufficient progress is made as a matter of urgency.

Some recommendations for improvement were identified through the work we completed, including the need:

- For the Project Implementation Board to meet on a monthly basis in order to provide the necessary strategic oversight and direction;
- To redefine the relationship with the supplier and document expectations so that there is a clearer understanding of roles and responsibilities;
- For the project implementation plan to be subject to regular review and update to reflect the changing situation and to enable ongoing monitoring and oversight by the Board.

A comprehensive action plan was developed to address the recommendations made and this was agreed in full with management.

## **Audit of Key Financial Systems**

The Fire Authority uses the main financial systems of East Sussex County Council. Each year, internal audit review the key controls within these systems as part of our programme of key financial system audits. This work is directly relied upon by the Authority's external auditors for annual accounts purposes.

The following key financial system reviews have been completed during 2015/16:

• Accounts Payable	Audit Opinion:	<b>Full Assurance</b>
• Accounts Receivable	Audit Opinion:	<b>Full Assurance</b>
• General Ledger	Audit Opinion:	<b>Full Assurance</b>
• HR/Payroll	Audit Opinion:	<b>Substantial Assurance</b>
• Pensions	Audit Opinion:	<b>Substantial Assurance</b>

It is pleasing to report that, in all cases, these reviews have resulted in an opinion of either substantial or full assurance (although as referred to in 6.2 above, the pensions audit is in the process of being finalised).

## **IMD Investigation – Ongoing Support**

During 2013, we undertook an investigation into a former manager within IMD who was suspected of being involved in procurement practices that breached the Authority's Contract Standing Orders. The results of our investigation were subsequently reported to Sussex Police who have undertaken a criminal investigation. We have supported the police with their enquiries throughout, including responding to queries, providing further information and evidence and producing formal witness statements on behalf of the Fire Authority. The court case is set for May 2016 where we will be required to provide evidence on behalf of ESFRS.

## **National Fraud Initiative (NFI)**

This is a statutory exercise carried out by the Cabinet Office every two years. Our work has involved co-ordinating the collection and submission of data to the Cabinet Office and ensuring that all the necessary arrangements are in place to enable appropriate investigation of any matches by management. As part of this, a small number of matches have been identified whereby individuals in receipt of an ESFRS injury pension had failed to declare receipt of Industrial Injuries Disability Benefits (IIDB) which in turn would reduce the amount of the ESFRS injury pension payable. Management are continuing to investigate these and we will report the outcome once they have been completed.

### **Anti Fraud and Corruption Improvements (In progress)**

We previously reported, towards the latter part of 2014/15, that internal audit was commissioned by the Assistant Director of Resources and Treasurer to develop and deliver an anti fraud and corruption improvement programme focussing on:

- Reviewing and updating key policy documentation in line with best practice;
- Developing a fraud risk assessment for the Fire Authority;
- Conducting a fraud awareness survey amongst staff;
- Devising and developing a proactive counter fraud programme;
- Creating and delivering targeted counter fraud training and awareness.

This work is progressing and will continue into 2016/17. To date, the relevant anti-fraud and corruption policy documentation has been reviewed and updated. Mazars have also completed a review of fraud risk within the Authority. This included conducting a fraud awareness survey with staff across the organisation and the subsequent development of a fraud risk register. As part of this work, Mazars identified a small number of areas where the management of fraud risk could be improved, particularly in relation to:

- Ensuring that fraud policies and procedures are communicated to staff at all levels;
- Reviewing the whistleblowing process with a view to increasing communication to whistle-blowers, and;
- Considering the use of other investigation resources to support Human Resources.

Mazars also identified some specific areas of potential fraud risk within the Authority and recommended these as areas where more focussed work could be undertaken. These included stock theft, the use of official vehicles, timesheets and procurement cards.

A comprehensive management action plan with recommendations for improvement was agreed in full with ESFRS management and this has been used to inform future planned internal audit work in 2016/17.

**APPENDIX B**

**SUMMARY OF INTERNAL AUDIT WORK IN 2015/16**

<b>Areas</b>	<b>Planned Days</b>	<b>Actual Days</b>
Fundamental Accounting Systems	24.0	24.0
Information Governance	10.0	10.0
Management Control Compliance	10.0	0
Community Volunteer Scheme	5.0	0
Service Transformation Programme	5.0	0
IMD Transformation Programme	5.0	5.0
East and West Sussex Joint Control Centre	10.0	10.0
Management and Advice	10.0	10.0
Anti-Fraud and Corruption	1.0	1.0
<b>Total Days 2015/16</b>	<b>80.0</b>	<b>60.0</b>

## SUMMARY OF PERFORMANCE INDICATORS FOR 2015/16

	Performance Indicator	Achievement
1	Draft reports are issued to management within 10 working days of the completion of audit fieldwork.	100%
2	Final reports are issued to management within 5 working days of client response to the draft report.	100%
3	Consistently achieving adequate, or higher, quality gradings in surveys of auditor performance through client survey questionnaires.	100%
4	Acceptance of at least 90% of audit recommendations.	100%
5	Completion of the plan by the 31st March each year. Any revisions to the plan or changes to planned coverage are subject to the approval of the Treasurer.	Achieved – all reports completed to at least draft stage, although in one case we were awaiting a response from management prior to finalisation. Changes to planned coverage have been agreed with the Assistant Director of Resources and Treasurer.
6	Providing adequate internal audit arrangements. This would be assessed by reference to the external auditor's annual management letter.	Achieved. Ernst & Young fee letter confirms that they would seek to place reliance on internal audit to the maximum extent possible under auditing standards and no exceptions to this have been reported.



**EAST SUSSEX FIRE AUTHORITY**

**Panel** Scrutiny & Audit  
**Date** 26 May 2016  
**Title of Report** Internal Audit Strategy and Plan 2016/17  
**By** Chief Fire Officer and Assistant Director Resources / Treasurer  
**Lead Officer** Duncan Savage, Assistant Director Resources / Treasurer

**Background Papers** None

**Appendices** Internal Audit Plan 2016/17

**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>	✓	<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To provide an Internal Audit Plan for East Sussex Fire Authority covering the period 1 April 2016 to 31 March 2017.

**EXECUTIVE SUMMARY**

East Sussex County Council (ESCC) has provided the internal audit service to East Sussex Fire Authority (ESFA) since 1 April 1997. This service is usually delivered based on a standard annual budget of 70 audit days.

The Internal Audit Strategy and Plan for 2016/17 is set out as Appendix A. This Strategy and Plan has been produced on a risk basis, following consultation with senior officers and ESFA's external auditor, Ernst and Young. The Strategy seeks to achieve a balance between ensuring that existing controls are maintained and that assurance can be given on key projects within the Authority's transformation programme. This draft strategy is based on a standard 70 day programme. However, there are also 20 days carried forward from 2015/16 which is intended to resource a delayed audit of Management Control Compliance at the Service Training Centre and internal audit input to a criminal prosecution which is due to take place in May 2016. This means that the overall cost of the internal audit plan in 2016/17 is £32,850. There is provision for the 70 day standard plan within the Finance budget. The additional 20 days will need to be funded from centrally held contingencies.

**RECOMMENDATION** The Panel is recommended to approve the 2016/17 Internal Audit Strategy and Plan.



**Appendix A**

**EAST SUSSEX FIRE AUTHORITY**  
**INTERNAL AUDIT STRATEGY AND**  
**ANNUAL AUDIT PLAN 2016-2017**



## **1. Role of Internal Audit**

1.1 East Sussex County Council (ESCC) Internal Audit provides a service to the Fire Authority in accordance with the Public Sector Internal Audit Standards (PSIAS) as defined by CIPFA and the Institute of Internal Auditors (IIA). It is the Fire Authority's responsibility to maintain an effective internal audit service and assurance of this can be obtained through confirmation that the service is delivered in conformance with PSIAS and that agreed performance indicators are being achieved, including delivery of the annual audit plan.

1.2 Internal audit review, appraise and report upon the effectiveness of the internal control environment established by the management of the Fire Authority. It is the responsibility of management to establish and maintain appropriate systems of internal control.

1.3 The full role and scope of the internal audit service is set out within our Internal Audit Charter and Terms of Reference, which was approved by the Scrutiny and Audit Panel on 11 July 2014. A copy of this Charter has also been attached to this report as Annex A for information.

1.4 The following mission statement sets out the basis for the delivery of internal audit services by ESCC:

*'Internal audit is an independent assurance function which conducts reviews and provides advice, support and challenge to the organisation on risk, governance and internal control matters. In achieving this, the service aims to:*

- *Deliver a high quality, cost effective service in line with best practice and professional standards;*
- *Work constructively with management to support new developments and major change programmes;*
- *Be pragmatic and proportionate with its recommendations, having regard not just to risk, but also the cost of controls;*
- *Be flexible and responsive to the needs of the organisation in all its work.'*

## **2. Risk Assessment and Audit Planning**

2.1 The Fire Authority's Internal Audit Strategy and Plan is updated annually and is based on a combination of management's assessment of risk (including that set out within the Authority's risk registers) and our own risk assessment of the organisation's major systems and other auditable areas.

2.2 The update of the plan for 2016/17 has involved consultation with senior officers and Chair of the Scrutiny and Audit Panel to ensure that their views on risks and current issues are identified and considered. The Fire Authority is subject to audit and inspection by other bodies, in addition to internal audit, including the external audit of the accounts. These additional sources of assurance have been taken into account as part of the planning process, primarily through discussion with the Assistant Director of Resources and Treasurer. As in previous years, we have also consulted with the Fire Authority's external auditor, Ernst & Young, which has included clarifying their approach to reliance on the work of internal audit, particularly with regard to the annual audits of key financial systems.

2.3 In producing the audit plan (see below) the following key principles apply:

- A programme of key financial systems reviews is conducted annually based on a risk assessment. This includes compliance testing of key controls as agreed with the external auditors;
- Previous reviews which resulted in either 'no assurance' or 'minimal assurance' audit opinions will be subject to a specific follow up review to assess the effective implementation by management of agreed recommendations. This will also include any previous reviews of high risk areas which received a 'partial assurance' opinion.

2.4 The overall aim of the Internal Audit Strategy and Annual Audit Plan is to allocate the agreed level of internal audit resources so as to focus on the highest risk areas and to enable an annual opinion to be given on the adequacy and effectiveness of the Fire Authority's framework of governance, risk management and control.

### **3 Audit Approach**

3.1 The approach of internal audit is to use risk based reviews, supplemented in some areas by the use of regularity/compliance audits. Where considered appropriate, we will also seek to utilise external specialist resources for certain assignments, such as ICT reviews. In all cases, this will be agreed in advance with the Assistant Director of Resources and Treasurer. All of our work will have regard to management's arrangements for ensuring:

- Achievement of the organisation's objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

3.2 In addition, internal audit will continue to support management by providing informal advice and assistance throughout the year on key risk and control issues as required or as they arise. We will also monitor the implementation of all high risk recommendations arising from audit reviews throughout the year, and report on these accordingly.

### **4. Annual Internal Audit Plan 2016/17**

4.1 The Fire Authority is currently experiencing a number of major change initiatives, most of which bring with them a range of new and additional risks. In such circumstances, it is important that internal audit activity provides a balance between assurance over these initiatives and also over basic financial and non-financial controls within ongoing business activity. As a result, and following consultation with senior management, we are proposing to deliver a programme of work in 2016/17 amounting to 70 days. Details of all the planned work is set out in the following table:

Area	Outline Objective	Planned Days
Fundamental Accounting Systems	<p>The Fire Authority uses the main financial systems of East Sussex County Council, specifically:</p> <ul style="list-style-type: none"> <li>• HR / Payroll (5)</li> <li>• Accounts Payable (5 days)</li> <li>• Accounts Receivable (4 days)</li> <li>• Pensions (4 days)</li> <li>• General Ledger (1 day)</li> </ul> <p>Each year, we review these systems to ensure that key controls remain in place. The scope and level of controls testing undertaken is agreed with Ernst &amp; Young, the Fire Authority's external auditors, in order to ensure that they can rely on our work for final account audit purposes. For the General Ledger, it will be based on testing of accounting journals only.</p>	19
Sussex Control Centre	<p>A key strategic priority of ESFRS. We will undertake an exercise to review and evaluate the quality of risk management arrangements in place for the Sussex Control Centre, including in relation to risk identification and the effectiveness and delivery of risk mitigation measures.</p> <p>The same methodology will be used to review HQ Relocation, as below.</p>	6
HQ Relocation	<p>A key strategic priority of ESFRS. Internal audit work will be undertaken using a similar methodology to that described above.</p>	6
IMD Transformation Programme – Contract Management	<p>The Authority is currently going through a process to outsource delivery of its Information Management service. It is anticipated that this will involve a one off investment of up to £2m and an ongoing spend of £2-3m. If the Authority does not put in place effective contract management arrangements there is a risk that it does not achieve the anticipated outcomes and gain value from its investment / spend. The review will evaluate the arrangements in place to manage the contract.</p>	7
Proactive Counter Fraud Activity	<p>In 2015/16, Mazars completed an exercise on behalf of ESCC Internal Audit to review counter fraud arrangements within ESFRS. As part of this review, a number of areas were identified for pro-active counter fraud work. During this year, we will carry out further work in two areas:</p> <ul style="list-style-type: none"> <li>- Claims for hours worked and attendance;</li> <li>- Private use of service vehicles.</li> </ul> <p>To provide assurance over controls and to give an indication as to the extent of any potential fraud / breach of policy or HMRC guidance in these areas, we will complete an analytical review of timesheet claims/vehicle usage and perform some limited sample testing.</p>	10

<b>Area</b>	<b>Outline Objective</b>	<b>Planned Days</b>
ICT – Cyber Security	Cyber security is a current key risk area for any organisation, with cyber-attacks potentially resulting in data breaches/loss, system downtime and reputational damage.  Utilising specialist IT audit expertise from Mazars, an exercise will be undertaken to review and evaluate the adequacy of ESFRS arrangements for managing the risks associated with cyber security.	7
Anti-Fraud and Corruption	In addition to the work identified above, anti-fraud work for 2016/17 will focus on the provision of fraud awareness sessions and training for Fire Authority staff and also the monitoring of arrangements for following up and investigating any positive matches arising from the latest National Fraud Initiative data matching exercise.	5
Management and Advice	This includes preparation of the Internal Audit Strategy and Plan, production of the Annual Internal Audit Report and Opinion, advice and ongoing liaison with management.	10
	<b>Total Planned Days</b>	<b>70</b>

4.2 In addition to the above work, we will also undertake an audit of Management Control Compliance within the Training Centre as a carry forward review. This was deferred from the 2015/16 internal audit plan to allow for the recommendations from other independent reviews to be implemented. There will also be a further internal audit cost as a result of the trial of a former employee which is due to take place in May 2016. We anticipate that both of these activities can be delivered within the 20 days carried forward from the 2015/16 plan. This means that total internal audit provision in 2016/17 will be 90 days.

## **5. Potential Future Reviews**

5.1 The following areas have been identified during the audit plan consultation process and risk assessment but have not been incorporated within the 2016/17 audit plan. In all cases, these will be subject to consideration as the year progresses and when planning audit work for future years:

- Wider roll-out and use of P-Cards;
- Stores and consumables;
- Firewatch system (particularly in relation to retained pay).

## **6. Quality and Performance**

6.1 With effect from 1 April 2013, all of the relevant internal audit standard setting bodies, including CIPFA, have adopted a common set of Public Sector Internal Audit Standards (PSIAS). These are based on the Institute of Internal Auditors International Professional Practices Framework and replace the previous Code of Practice for Internal Audit in Local Government.

6.2 One of the requirements of the new Standards is for internal audit teams to have in place a formal Quality Assurance Improvement Programme, incorporating the results of an annual self-assessment and, a full independent external assessment at least every five years. ESCC Internal Audit recently completed a self-assessment which continued to show a high level of conformance with the new Standards. Only a small number of areas were identified where improvement is required, all of which are in the process of being actioned. A full independent external review will be commissioned sometime within the next two years and the results reported back to East Sussex Fire Authority once completed.

6.3 In addition, the performance of the internal audit service to the Fire Authority continues to be measured against key performance indicators, the current set of which are as follows:

- Draft reports are issued to management within 10 working days of the completion of audit fieldwork;
- Final reports are issued to management within 5 working days of client response to the draft report;
- Consistently achieving adequate, or higher, quality gradings in surveys of auditor performance through client survey questionnaires;
- Client acceptance of at least 95% of audit recommendations;
- Completion of the annual internal audit plan by the 31<sup>st</sup> March each year. Any revisions to the plan or changes to planned coverage are subject to the approval of the Assistant Director of Resources and Treasurer;
- Providing adequate internal audit arrangements. This would be assessed by reference to the external auditor's annual audit letter and the results of internal and external assessments.

6.4 At a detailed level, each audit assignment is monitored and subject to appropriate manager review and there is ongoing performance appraisal and supervision for all internal audit staff.

Russell Banks CMIIA, CIA, QIAL

Head of Assurance – East Sussex County Council and  
Head of Internal Audit for East Sussex Fire Authority



**EAST SUSSEX FIRE AUTHORITY**

**Panel** Scrutiny & Audit

**Date** 26 May 2016

**Title of Report** Assessment of the Corporate Framework and Annual Governance Statement for 2015/16

**By** Chief Fire Officer, Assistant Director Resources / Treasurer and Monitoring Officer

**Lead Officer:** Assistant Director Resources / Treasurer

**Background Papers:** Local Code of Corporate Governance

**Appendices:**

1. Local Code of Corporate Governance – extract
2. Annual Governance Statement 2015/16
3. 2014/15 Action Plan - update

**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>		<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT:** To set out how the Fire Authority has assessed the effectiveness of its governance arrangements and to seek approval of the Annual Governance Statement in line with the Accounts and Audit Regulations 2015.

**EXECUTIVE SUMMARY:** The Authority is required under the Accounts and Audit Regulations 2015 to conduct an annual review of the effectiveness of its system of internal control and to prepare an annual governance statement in accordance with proper practices to accompany its Statement of Accounts.

The review has been carried out by the Governance Group of senior officers in line with the Authority’s Local Code of Corporate Governance.

As part of this review we have not identified any gaps in assurance over key risks or significant governance issues. The Authority has, however, identified a range of improvements to its corporate Health & Safety arrangements and specifically at its Service Training Centre, as a result of an accident investigation and Peer Review. Action Plans are in place to address the necessary improvements and these will be monitored during the year.

The draft Annual Governance Statement (Appendix 2) has been endorsed by Corporate Management Team.

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**RECOMMENDATION** The Panel is recommended to:

- (i) confirm that Members are satisfied with the level of assurance provided to them through this report and the Authority's governance framework and processes;
  - (ii) identify any significant governance issues that should be included in the Authority's Annual Governance Statement; and
  - (iii) approve the Annual Governance Statement to be signed by the Chair of this Panel and the Chief Fire Officer.
- 

## **INTRODUCTION**

1. Sound Corporate Governance is crucial if the Authority is to continue to provide leadership, direction and control. The Annual Governance Statement provides an opportunity for the Authority to assess and report transparently to the public how it 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.
2. The Authority has a local Code of Corporate Governance which reflects best practice guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), and revisions to the Authority's internal processes. .
3. The Accounts and Audit Regulations 2015 require the Authority to ensure that it has in place a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for risk management. The Authority is required to conduct an annual review of the effectiveness of its system of internal control and to prepare an annual governance statement in accordance with proper practices to accompany its Statement of Accounts.

4. The production of an Annual Governance Statement is the final stage of an on-going process of review of our governance arrangements including risk management and internal control. In summary, the process must involve an organisation reviewing the adequacy of its governance arrangements, developing an action plan for improving those arrangements, and communicating the framework to users and stakeholders.
5. This report was prepared by the Governance Group of senior officers and has been considered and approved by the Corporate Management Team.
6. The Authority's corporate governance framework is underpinned by a number of key documents and processes. These are summarised in section 4 of the Annual Governance Statement (Appendix 2).
7. The main policies and strategies that make up the Authority's corporate governance framework are summarised in the Local Code of Corporate Governance (see extract at Appendix 1). The sources of assurance in place for each of these policies and strategies have been reviewed and where the need for improvement has been identified this is set out within the Annual Governance Statement.
8. Evidence shows that the Authority continues to have in place good arrangements for corporate governance and that they are working effectively.
9. The Annual Governance Statement is included at Appendix 2. It includes the mandatory disclosure of any significant governance issues identified through the Authority's governance and internal control arrangements. Appendix 3 sets out the progress made against the areas for improvement identified in the AGS for 2015/16.
10. Since 2013 the Authority has been required to produce a Statement of Operational Assurance on an annual basis in line with the requirements of the Fire and Rescue National Framework and DCLG guidance issued in May 2013. Whilst there is some overlap between this statement and the Annual Governance Statement, officers have decided to continue to publish them separately in order that their separate and distinct objectives are transparently fulfilled.
11. The Annual Governance Statement will be reviewed by our external auditors, Ernst & Young LLP, as part of their audit of the 2015/16 accounts.

## East Sussex Fire Authority

## Local Code of Corporate Governance – key policies and processes

Policy or process	Owner	Purpose, vision & outcomes	Purpose, functions & roles	Values, good governance, conduct & behaviour	Decisions, value for money, scrutiny & risk management	Capacity & capability	Engagement & accountability
Annual Plan	CFO (delegated to AD – P&I)	Y	Y				Y
Constitution	AD – P&I / DMO	Y	Y		Y		Y
Integrated Risk Management Plan	DCFO	Y			Y		Y
Operational policies and processes	AD – OSR	Y					
Risk Management Strategy	AD – Resources	Y		Y	Y		
Medium Term Finance Plan	AD – Resources	Y					
Budget and financial management (incl DFM scheme)	Finance Manager	Y			Y		
Statement of Accounts	AD – Resources				Y		
Standing Orders	DMO		Y	Y	Y		Y
Contract Standing Orders	DMO	Y		Y	Y		
Financial Regulations	AD – Resources			Y	Y		
Scheme of Delegation	DMO		Y	Y	Y		

<b>Policy or process</b>	<b>Owner</b>	<b>Purpose, vision &amp; outcomes</b>	<b>Purpose, functions &amp; roles</b>	<b>Values, good governance, conduct &amp; behaviour</b>	<b>Decisions, value for money, scrutiny &amp; risk management</b>	<b>Capacity &amp; capability</b>	<b>Engagement &amp; accountability</b>
Code of Conduct for Members	DMO		Y	Y			
Code of Conduct for Member and Employee Relations	DMO		Y	Y			
Transparency	DCFO						Y
Anti-fraud, Bribery & Corruption Strategy	AD – Resources			Y			
Member Learning & Development Strategy	AD – P&I	Y	Y			Y	
Whistleblowing Policy	AD – HR / DMO		Y	Y			Y
Complaints Policy	AD – P&I	Y		Y	Y		Y
Code of Conduct for Employees	AD – HR			Y	Y		
Community Safety Strategy	ACFO / AD – SC	Y					Y
Business Safety Strategy	ACFO / AD – SC	Y					Y
Partnership Working Strategy	AD – SC	Y	Y	Y	Y		
Comms Strategy	AD – P&I	Y				Y	Y
Equality & Diversity Strategy	AD – HR			Y			
Health & Safety Strategy	DCFO		Y	Y	Y		

Policy or process	Owner	Purpose, vision & outcomes	Purpose, functions & roles	Values, good governance, conduct & behaviour	Decisions, value for money, scrutiny & risk management	Capacity & capability	Engagement & accountability
People & Organisational Development Strategy	AD – HR	Y	Y	Y		Y	
Asset Management Strategy	AD – Resources / AD – OSR	Y	Y	Y	Y	Y	
Local Code of Corporate Governance	DCFO / DMO / AD – Resources	Y	Y	Y	Y	Y	Y
Information Management Strategy	AD – Resources	Y	Y	Y	Y		
Procurement Strategy	AD – Resources			Y	Y		
Environment Strategy	AD – Resources	Y	Y	Y	Y		
Response & Resilience Strategy	AD – OSR	Y					Y
Project Mgt / Stage Gate processes	AD – P&I				Y		
Internal Audit Strategy	AD – Resources			Y	Y		
Performance Management	AD – P&I	Y	Y	Y		Y	
Freedom of Information Scheme	AD – P&I			Y	Y	Y	
Data Protection Policy	DCFO		Y	Y			
Regulation of Investigatory Powers Act Policy	DCFO (delegated to AD – OSR)				Y		

**Core Principle 1** Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

**Core Principle 2** Members and officers working together to achieve a common purpose with clearly defined functions and roles

**Core Principle 3** Promoting values for the authority and demonstrating the values of good governance

**Core Principle 4** Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

**Core Principle 5** Developing the capacity and capability of members and officers to be effective

**Core Principle 6** Engaging with local people and other stakeholders to ensure robust public accountability

## East Sussex Fire Authority

### DRAFT Annual Governance Statement for the year ended 31 March 2016

#### 1. Scope of responsibility

East Sussex Fire Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The 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, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. To this end the 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*. A copy of the Authority's code is on our website at

<http://www.esfrs.org/about-us/east-sussex-fire-authority/members-handbook-strategies/> or can be obtained from [fireauthorityclerk@esfrs.org](mailto:fireauthorityclerk@esfrs.org). This statement explains how the Authority has complied with the Code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6, which requires all relevant bodies to prepare an annual governance statement.

#### 2. The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

#### 3. The governance framework

The key elements that comprise the Authority's governance arrangements are set out in the local code of corporate governance and they include:

- an Annual Plan that sets out our vision for the community and the outcomes we intend to achieve;
- an established service planning process, including the development of the medium term finance plan;

- a business planning and performance management framework which includes setting clear objectives and targets;
- regular reporting of performance against the Authority's key performance indicators, 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;
- clear arrangements for the discharge of the statutory functions of the Head of Paid Service, Monitoring Officer and Treasurer;
- compliance with the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Finance Officer;
- clear arrangements for decision making, scrutiny 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 and Financial Regulations;
- a risk management strategy and risk management framework, which takes account of both strategic and operational risks and ensures that they are appropriately managed and controlled;
- Member Panels with clear responsibilities for governance, audit and standards;
- established arrangements for dealing with complaints and whistle-blowing, and combating fraud and corruption;
- schemes for identifying the development needs of Members and officers, supported by appropriate training;
- a strategy for communicating and consulting with the people of East Sussex and the City of Brighton & Hove and our key stakeholders;
- clear guidance that promotes good governance in our partnership working;
- a range of policies and processes designed to ensure best practice and legal compliance for personnel matters, ICT security, access to information, data protection and project management.

#### **4. Review of effectiveness**

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- the work of Members through the Fire Authority and its Panels, including Policy & Resources and Scrutiny & Audit;
- the work of senior officers and managers within East Sussex Fire & Rescue Service, who have primary responsibility for the development and maintenance of the internal control environment;
- the work of the Monitoring Officer and the Treasurer;
- the risk management arrangements, including the maintenance and regular review of corporate risks by the Corporate Management Team and Scrutiny & Audit Panel;
- the work of the internal audit service including their individual reports, and overall annual report and opinion;
- the external auditors in their annual audit letter and annual governance report;
- the judgements of external inspection and statutory bodies and the Operational Assurance Peer Review.



## 5. 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 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 Authority has in place governance arrangements and a satisfactory system of internal control, both of which are fit for purpose and operating effectively.

As part of our review we have not identified any gaps in assurance over key risks or significant governance issues. The Authority has, however, identified a range of improvements to its corporate Health & Safety arrangements and specifically at its Service Training Centre, as a result of an accident investigation and Peer Review. Action Plans are in place to address the necessary improvements and these will be monitored during the year.

Both governance and internal control arrangements must be kept under review to ensure that they continue to operate effectively, meet changing legislative needs, and reflect best practice and our vision of achieving safer and more sustainable communities.

We propose over the coming year to take steps to further enhance our governance arrangements and these are summarised below. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

- *Develop a new Corporate Strategy and Integrated Risk Management Plan (DCFO)*
- *Rationalise and align our suite of corporate strategies in line with the new Corporate Strategy and IRMP (DCFO)*
- *Improve our performance monitoring against our annual plan and revise our approach to monitoring key performance indicators (AD – P&I)*
- *Put in place arrangements to meet the requirements of the Police & Crime Bill (CFO)*
- *Ensure that the Authority is effectively engaged in local devolution proposals (DCFO)*
- *Improve our approach to Health and Safety in line with the Peer review and implement the Accident Investigation Action Plan for Service Training Centre (AD – T&A)*
- *Ensure that the new Senior Management Structure operates effectively (CFO)*
- *Review the delivery of the Equality and Diversity Strategy (AD – HR)*
- *Publish the new Code of Conduct for Employees (AD – HR)*
- *Deliver the remaining areas of improvement against the Transparency Code (AD – R/T)*

Councillor Carolyn Lambert, Chair, Scrutiny & Audit Panel

Gary Walsh, Chief Fire Officer  
26 May 2016

**Status of improvement actions set out in the Annual Governance Statement  
2014/15**

Action	Status
1. Review the effectiveness of the Authority's Anti-Fraud and Corruption and Whistleblowing policies.	Complete – policies reissued and Counter Fraud Action Plan approved by Scrutiny & Audit Panel Feb 2016
2. Put in place arrangements to establish a Pension Board in line with the requirements of the Public Services Pensions Act.	Complete – Pension Board established and meeting quarterly.
3. Review Data Protection arrangements where Authority data is held by third parties.	Partially complete – further work is required to ensure compliance with new EU regulation – carried forward to 2016/17
4. Ensure arrangements are in place to comply with the Local Government Transparency Code 2015.	Partially complete – remaining area of non-compliance regarding publication of details of contracts between £5k-£10k carried forward to 2016/17
5. Review SCC project governance arrangements to ensure that they remain fit for purpose.	Complete - Internal Audit review gave substantial assurance opinion and action taken to re-establish Joint Project Board.

**EAST SUSSEX FIRE AUTHORITY**

**Panel** Scrutiny & Audit

**Date** 26 May 2016

**Title of Report** Performance Results 2015/16 – 4<sup>th</sup> Quarter

**By** Chief Fire Officer

**Lead Officer** Liz Ridley – Assistant Director Planning & Improvement

**Background Papers** N/a

**Appendices** Appendix A – Quarter 4 Performance Report 2015/16  
Appendix B – Exceptions Report

**Implications**

<b>CORPORATE RISK</b>	✓	<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>		<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To present the fourth quarter performance results 2015/16.

**EXECUTIVE SUMMARY** This report provides CMT with a summary of service performance information for the fourth quarter of 2015/16. It contains the revised measurement for response standards as agreed by the Scrutiny & Audit Panel in November 2015. These are interim measures until a comprehensive review of attendance standards can be undertaken in this year’s IRMP.

**RECOMMENDATION** The Panel is asked to:

- i. note the 2015/16 performance results for Quarter 4 as set out in the report and complementary separate Appendix A, and;
- ii. consider the information included within the exception report set out as Appendix B.

## 1. **INTRODUCTION**

- 1.1 This report contains the Quarter 4 performance indicator results for 2015/16, compared with the results for the same quarter in 2014/15 and provides projected year end results against the agreed targets.
- 1.2 The report provides a simple Red, Amber, Green traffic light system. Where particular indicators show two or more reds, explanations are required from the relevant responsible officers to form the exception report.

## 2. **MAIN ISSUES**

- 2.1 Performance for the fourth quarter of 2015/16 has shown an improved performance throughout the year, as only three indicators now have two or more reds and these are all annual indicators:
- (i) Retained (RDS) female firefighters as a percentage of all new RDS entrants.
  - (ii) Minority ethnic staff as a percentage of all new entrants to the FRS
  - (iii) Disabled employees as a percentage of all new entrants to the FRS
- 2.2 The Fire Authority has six priority areas:
- (i) Percentage of HSVs to the vulnerable members of our community
  - (ii) Number of accidental fires in dwellings
  - (iii) Percentage of accidental dwelling fires confined to room of origin
  - (iv) Percentage reduction of automatic fire alarms
  - (v) Number of working days/shifts lost due to sickness absence for all staff
  - (vi) Expenditure per head of population
- 2.3 In terms of the overall performance for 2015/16, of the Fire Authority's priority areas, three are on target and two are within 10% of the target and one has missed the target. The performance outcome summary is set out in Appendix A, attached as a separate document.
- 2.4 The panel is asked to note that there are three primary fire fatalities recorded for 2015/16; this final result is pending the outcome of the Coroner's Inquest for St Michael's Hospice fire on 11 July 2015 which will determine whether the deaths were as a result of the fire or any pre-existing illnesses.



# **East Sussex** Fire & Rescue Service







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## **East Sussex Fire & Rescue Service Performance Results Quarter 4 2015/16**

MAY 2016

# Strategic Aim 1 - To deliver quality services within available resources

## 1.1 Prevent loss of life and injuries in our communities

Indicator No.	How will we measure performance?	2014/15 Q4 result	National Quartile Position 2014/15	2015/16 Quarter 4	2015/16 Year end result	Target	Target met	Direction of travel from 2014/15 result
1 Priority	% of Home Safety Visits to vulnerable people	91.9%	This is an ESFRS indicator only, no National data is available for comparison	89.2%	90.6%	90.0%	Yes	Declined
7	Home Safety Visits	2,559		2,194	9,740	10,000	No	Declined
36	% of fires in dwellings with no smoke alarm	20.7%	This is an ESFRS indicator only, no National data is available for comparison	16.7%	18.1%	32.0%	Yes	Improved
9	Number of deaths in primary fires	1		2	3	Aspirational Target zero fire deaths		Declined
11	Deaths in Accidental Dwelling Fires	1		2	2	Aspirational Target zero fire deaths		Declined
10	Number of injuries in primary fires	7		6	44	52	Yes	Improved
12	Injuries in Accidental Dwelling Fires	6		4	30	37	Yes	Improved
2 Priority	No of accidental dwelling fires	130		127	553	534	No	Improved

Indicator No.	How will we measure performance?	2014/15 Q4 result	National Quartile Position 2014/15	2015/16 Quarter 4	2015/16 Year end result	Target	Target met	Direction of travel from 2014/15 result
8	Number of primary fires	267		258	1,186	1,244	Yes	Improved
13a	Deliberate primary fires not in vehicles	22		33	152	159	Yes	Declined
13b	Deliberate primary fires in vehicles	22		18	75	141	Yes	Improved
14	Deliberate secondary fires	73		64	359	500	Yes	Improved
4a Priority	<b>A reduction of automatic fire alarms (AFA) from the base year result of 2009/10</b>	-33.9%	This is an ESFRS indicator only, no National data is available for comparison	-26.7%	-37.2%	-32.0%	Yes	Declined
4b	% of AFA calls challenged by ESFRS	14.7%	This is an ESFRS indicator only, no National data is available for comparison	7.7%	9.9%	Monitor only	Monitor only	Declined
4c	% of AFA calls turned back by ESFRS	8.9%	This is an ESFRS indicator only, no National data is available for comparison	7.8%	8.5%	Monitor only	Monitor only	Declined
4d	% of AFA mobilised calls to properties covered by the RRO that were classified as a primary fire	4.3%	This is an ESFRS indicator only, no National data is available for comparison	3.0%	2.7%	Monitor only	Monitor only	Declined

## 1.2 Protect our communities against economic, property or heritage loss

Indicator No.	How will we measure performance?	2014/15 Q4 result	National Quartile Position 2014/15	2015/16 Quarter 4	2015/16 Year end result	Target	Target met	Direction of travel from 2014/15 result
15	No of fires in non-domestic properties	50		40	168	176	Yes	Improved
16	Inspections of high risk premises completed	77		94	273	480	No	Improved



### 1.3 Respond effectively and safely to incidents with appropriate planned resources

Indicator No.	How will we measure performance?	2014/15 Q4 result	National Quartile Position 2014/15	2015/16 Quarter 4	2015/16 Year end result	Target	Target met	Direction of travel from 2014/15 result
3 Priority	% of accidental dwelling fires confined to room of origin	93.0%	This is an ESFRS indicator only, no National data is available for comparison	94.5%	94.0%	94.0%	Yes	Improved
22	% of incidents attended within 20 minutes	98.6%	This is an ESFRS indicator only, no National data is available for comparison	98.4%	98.6%	95.0%	Yes	Declined

#### Average first attending appliance response times

First arriving appliance	2014/15 England Average	2014/15 FG2 Average	Q4 2014/15	Q4 2015/16	2015/16
Primary fires	8.7	10	7.3 (262)	7.3 (250)	7.7 (1,412)
Dwellings	7.7	9.1	6.9 (133)	6.7 (136)	7.2 (722)
with any casualty or rescue	7.5	N/a	8.6 (6)	6.5 (6)	6.8 (33)
without any casualty or rescue	7.8	N/a	6.9 (127)	6.8 (130)	7.2 (689)
Other Buildings	8.5	9.6	6.8 (65)	7.5 (55)	7.5 (305)
Other Residential	7.8	N/a	5.9 (14)	7.2 (10)	7.0 (63)
Non-Residential	8.5	N/a	8.8 (51)	8.6 (45)	7.7 (242)
Road Vehicles	9.7	10.7	8.5 (54)	8.4 (40)	8.6 (286)
Other (Outdoor Primary)	10.4	11.7	8.8 (10)	8.6 (19)	9.6 (99)
RTC Persons trapped / enhanced	N/a	N/a	9.7 (64)	9.6 (77)	9.8 (295)

Bracketed numbers are the total number of attended incidents for each category

#### Average second attending appliance response times

Second arriving appliance	2014/15 England Average	2014/15 FG2 Average	Q4 2014/15	Q4 2015/16	2015/16
Primary fires	N/a	N/a	10.2 (161)	10.7 (154)	10.8 (879)
Dwellings	N/a	N/a	9.4 (107)	9.8 (105)	9.9 (583)
with any casualty or rescue	N/a	N/a	12.5 (3)	17.3 (4)	11.6 (28)
without any casualty or rescue	N/a	N/a	9.3 (104)	9.9 (101)	9.8 (555)
Other Buildings	N/a	N/a	10.7 (48)	11.7 (39)	10.9 (219)
Other Residential	N/a	N/a	9.5 (11)	9.5 (9)	10.3 (53)
Non-Residential	N/a	N/a	11.1 (37)	12.4 (30)	11.1 (166)
Road Vehicles	N/a	N/a	22.1 (4)	11.9 (5)	15.9 (43)
Other (Outdoor Primary)	N/a	N/a	13.6 (2)	20.3 (5)	18.9 (34)
RTC Persons trapped / enhanced	N/a	N/a	13.1 (60)	13.4 (63)	13.5 (242)

Bracketed numbers are the total number of attended incidents for each category

## 1.4 Deliver cost effective services, which focus on community risk and customer needs at a price the local community can afford and within available resources

Indicator No.	How will we measure performance?	2014/15 Q4 result	National Quartile Position 2014/15	2015/16 Quarter 4	2015/16 Year end result	Target	Target met	Direction of travel from 2014/15 result
6	Expenditure per head of the population	£47.75	This is an ESFRS indicator only, no National data is available for comparison	£47.00	£47.00	£47.06	Yes	Improved
34	To achieve a 3.5% reduction in CO2 emissions against 2010/11	N/a	This is an ESFRS indicator only, no National data is available for comparison	N/a	Annual	14.00%	Annual	Annual
35	Percentage of people satisfied with the service received during the 999 call	98%	This is an ESFRS indicator only, no National data is available for comparison	N/a	Annual	Monitor only	Annual	Annual
36	Percentage of people satisfied with the service received at the scene of the incident	99%	This is an ESFRS indicator only, no National data is available for comparison	N/a	Annual	Monitor only	Annual	Annual

## Strategic Aim 2 - Ensure a competent, diverse, safe and valued workforce





### 2.1 Embed and embrace equality and diversity principles in all that we do

Indicator No.	How will we measure performance?	2014/15 Q4 result	National Quartile Position 2014/15	2015/16 Quarter 4	2015/16 Year end result	Target	Target met	Direction of travel from 2014/15 result
24	Achievement of excellence in the Equality Standard in Local	Excellent	This is an ESFRS indicator only, no National data is available for comparison	Excellent	Annual	Monitor only	Annual	Annual
26	Retained (RDS) female firefighters as new entrants	8.7%	This is an ESFRS indicator only, no National data is available for comparison	5.5%	5.5%	15.0%	No	Declined
27	Minority ethnic staff as new entrants to the FRS	3.6%	This is an ESFRS indicator only, no National data is available for comparison	2.5%	2.5%	3.5%	No	Declined
28	Disabled employees as new entrants to the FRS	3.6%	This is an ESFRS indicator only, no National data is available for comparison	2.5%	2.5%	5.0%	No	Declined

### 2.2 Attract and retain high calibre and committed staff, and help them develop professional skills and competence to meet our business needs

Indicator No.	How will we measure performance?	2014/15 Q4 result	National Quartile Position 2014/15	2015/16 Quarter 4	2015/16 Year end result	Target	Target met	Direction of travel from 2014/15 result
To be deleted	Number of operational staff completing development programmes		This is an ESFRS indicator only, no National data is available for comparison	To be deleted	To be deleted	To be deleted	To be deleted	To be deleted

## 2.3 Maintain and improve the standards of health, safety and welfare of our staff and provide a safe and secure workplace

Indicator No.	How will we measure performance?	2014/15 Q4 result	National Quartile Position 2014/15	2015/16 Quarter 4	2015/16 Year end result	Target	Target met	Direction of travel from 2014/15 result
5 Priority	The number of working days/shifts lost due to sickness	2.1	This is an ESFRS indicator only, no National data is available for comparison	2.0	8.8	7.5	No	Improved
29	Number of RIDDOR incidents	0		2	3	12	Yes	Declined
30	Number of injuries sustained by Wholetime and Retained firefighters during operational activities	24		Annual	Annual	Monitor only	Annual	Annual
31	Total number of injuries sustained by Wholetime and RDS firefighters during training activities	28		Annual	Annual	Monitor only	Annual	Annual
30	Number of workplace reported accidents / injuries	26		26	107	124	Yes	Same

EXCEPTIONS REPORT – QUARTER 4 2015/16

<b>Indicator</b>	<b>Commentary</b>	<b>Actions to be taken</b>
26. Retained (RDS) female firefighters as new entrants	During 2015/16 there were 18 new RDS recruits, one of these was female, giving an annual result of 5.5% against a target of 15%	RDS promotional literature, advertising and branding initiatives are being reviewed alongside a review of the Inclusion and Diversity Strategy to support these targets.
27. Minority ethnic staff as new entrants to the FRS	Throughout 2015/16 there were in total 40 new recruits, one of these has stated they are an ethnic minority. This gives a year end result of 2.5% against a target of 3.5%	The Inclusion and Diversity Strategy is being reviewed to support these targets.
28. Disabled employees as new entrants to the FRS	Throughout 2015/16 there were in total 40 new recruits, one of these has stated they have a disability. This gives a year end result of 2.5% against a target of 3.5%	The Inclusion and Diversity Strategy is being reviewed to support these targets.



**EAST SUSSEX FIRE AUTHORITY**

**Panel** Scrutiny & Audit  
**Date** 26 May 2016  
**Title of Report** Project Progress 2015-16 4<sup>th</sup> Quarter  
**By** Chief Fire Officer  
**Lead Officer** Liz Ridley, Assistant Director Planning & Improvement  
 Helen George, Projects Co-ordinator

**Background Papers** None

**Appendices** Appendix A is the report

**Implications**

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>		<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To report project and programme progress against key milestones, identify slippage, and report compliance with project governance in terms of documentation.

**EXECUTIVE SUMMARY** The report now includes a heat map on the front, which shows which projects are delayed, and which have budget reporting, compliance or resourcing issues.

Key points from the project portfolio are that Sussex Control Centre project is awaiting strategic decisions following a visit by Remsdaq. SHQ Relocation has been rescheduled for March 2017. IMD Transformation is proceeding well. The Emergency Services Mobile Communications Programme (ESMCP) is in the project initiation phase. Firewatch stage 1 is currently delayed and Phase 2 is in a deferment phase, while requirements around Health & Safety are finalised. Respiratory Protective Equipment (RPE) is about to become an active project again.

**RECOMMENDATION** That the report be noted.





**EAST SUSSEX FIRE AUTHORITY**

**Panel** Scrutiny & Audit  
**Date** 26 May 2016  
**Title of Report** Corporate Risk Register Review 2015/16 – 4<sup>th</sup> Quarter  
**By** Chief Fire Officer and Assistant Director Resources / Treasurer  
**Lead Officer** Daryll Luxford – Corporate Risk Support & Security Compliance Manager

**Background Papers** 2015/16 3<sup>rd</sup> Quarter Corporate Risk Register Review  
 19<sup>th</sup> January 2016

**Appendices** Appendix A Corporate Risk and RAID Log Scoring Matrix  
 Appendix B Corporate Risk and Project Scoring Identifiers  
 Appendix C Risk Management Mitigation Plans  
 Appendix D Corporate Project Risk Report

**Implications**

<b>CORPORATE RISK</b>	√	<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>		<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT** To report on the latest quarterly review of Corporate Risk and agree outcomes

**EXECUTIVE SUMMARY**

1. The Authority has in place established procedures for ensuring that risks are identified and managed for all corporate projects. All high risks identified in the Project RAID (Risks, Assumptions, Issues, and Dependencies) logs are now collated and reported to Corporate Management Team (CMT) to allow any themes to be identified and risks to be escalated to the corporate risk log as necessary. At Appendix D is a summary of the Project RAID Log for all risks scored 9 or above – these are assessed against a 4x4 scoring matrix as shown in Appendix A with the score identifiers at Appendix B. Reviews of corporate risks take place on a quarterly basis. The latest series of meetings with Corporate Risk Owners was carried out during April 2016 to update risk management action plans and review the position of each risk as shown at Appendix C.

2. Both the internal audit review of Risk Management Arrangements and the recent Health & Safety Peer review have recommended that risk registers are put in place below corporate level. Now that the new management structure is in place, CMT has agreed that all Assistant Directors put in place directorate / service risk registers using the corporate template and scoring matrix, with support from the Corporate Risk Support Manager. Subject to mitigation plans and the potential impacts on the achieving organisational and departmental objectives, risks may be considered by CMT for escalation to the Corporate Risk Register. It is proposed that directorate / functional risks scored 9 or above will be reported to CMT quarterly.
3. Two new risks have been added to the Corporate Risk Register relating to Health & Safety (risk plan 9) and Operation Tin (risk plan 10)
4. All project plans (Appendix D) are being reviewed to ensure the pre-scoring and post-scores are appropriate. This will identify whether the mitigation plans are adequate and appropriate, and reduces risk to the individual project.

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**RECOMMENDATION**    The Panel is recommended approve of the latest Corporate Risk Register.

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## CORPORATE RISK REGISTER

Scoring for all Corporate Risk and Project RAID Log

Appendix A

Impact / Likelihood		Moderate (1)	Significant (2)	Serious (3)	Critical (4)
Certain/High (4)		Tolerable (4)	Moderate (8)	Substantial (12)	Intolerable (16)
Very Likely (3)		Tolerable (3)	Moderate (6)	Moderate (9)	Substantial (12)
Low (2)		Tolerable (2)	Tolerable (4)	Moderate (6)	Moderate (8)
Unlikely (1)		Tolerable (1)	Tolerable (2)	Tolerable (3)	Moderate (4)

Corporate Risk and Project Raid Log Scoring Matrix

Appendix B

Impact		Moderate	Significant	Serious	Critical
Score		1	2	3	4
Financial		≤ £10000	≤ £100,000	≤ £500,000	≤ £1 m +
Reputation		Damage limitation	Adverse Publicity	Poor Reputation	Complete loss of public confidence
Service Delivery		would not restrict or service delivery	Could restrict service delivery or restrict delivery of an ESFRS Aim	Could stop service delivery or unable to delivery an ESFRS Aim	Would affect service delivery to our communities

Likelihood		Unlikely	Low	Very Likely	Certain/High
Score		1	2	3	4
Frequency		One case reported in the past 5 years, may re-occur if only limited control measures are not applied and continued monitoring. (0-24% probability)	One or two cases in the past 2 - 5 years or may re occur if not all control measures are not applied within the next 6 months and continue to monitor. (25-49% probability)	One or two cases in past 2 years or expected to happen if controls measures are slow being applied, and failure to monitor progress. (50-74% probability)	One or more cases in past 2 years. Failure to take immediate action could impact on service delivery or safety of personnel/ community. (75-100% probability)



**EAST SUSSEX FIRE AUTHORITY**

**Panel** Scrutiny & Audit

**Date** 26 May 2016

**Title of Report** Attending Calls to Automatic Fire Alarms – Policy Review

**By** Chief Fire Officer

**Lead Officer's** Mark O'Brien, Assistant Chief Fire Officer (Acting)

**Background Papers**

- 1) Predetermined attendances at Automatic Fire Alarms – report of the Chief Fire Officer & Chief Executive, Policy & Resources Panel, May 15<sup>th</sup> 2014, Agenda item 942
- 2) Minutes of the meeting of the Scrutiny & Audit Panel November 5<sup>th</sup> 2015, Agenda Item 998, 2015/16 2<sup>nd</sup> Quarter Performance Results

**Appendices** None

**Implications**

<b>CORPORATE RISK</b>	✓	<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	✓
<b>FINANCIAL</b>		<b>POLITICAL</b>	✓
<b>HEALTH &amp; SAFETY</b>	✓	<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

**PURPOSE OF REPORT**

To update Scrutiny & Audit Panel Members on the implementation of the Automatic Fire Alarm Attendance Policy and to outline proposals for modifying pre-determined attendances in certain circumstances.

**EXECUTIVE SUMMARY**

At the meeting of the Policy & Resources Panel in May 2014, Members gave approval to reduce the pre-determined attendance to calls to automatic fire alarm activations to one pumping appliance.

Following the decision of the Panel, the necessary detailed policy development, risk assessment and consultation processes were carried out and the new pre-determined attendance standards came into force on the 1st July 2015.

A review of incident data since the new policy went live in July 2015 indicates that the data which helped inform the original Fire Authority decision was sound, and provided a risk and evidence based rationale for supporting a reduced pre-determined attendance to automatic fire alarm activations.

The automatic fire alarm attendance policy does make provision for the local station manager to make a case for a temporary or permanent increase in the pre-determined attendance to individual identified premises based on risk. This has been reported to the Fire Authority at its meeting on the 5<sup>th</sup> November 2015 at which time the CFO confirmed that a suitable methodology on which to base such a judgement was being developed.

A number of options have now been identified and this paper proposes a way forward.

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**RECOMMENDATIONS** The Panel is asked to:

- 1) note the contents of the report;
  - 2) note that incident data since the new policy went live in July 2015 supports the Fire Authority decision to provide a rationalised and proportionate response to AFA calls; and
  - 3) note the outcomes from the work to identify an appropriate methodology on which to base an enhanced level of attendance to specific premises.
-

## 1. **INTRODUCTION**

- 1.1 As part of the introduction of Integrated Risk Management Planning (IRMP) the Fire Authority reviewed its policy for the attendance to Automatic Fire Alarm (AFA) calls as part of the IRMP Action Plan for 2004/05. A revised Service policy was approved and implemented on 1st April 2004.
- 1.2 At the meeting of the Policy & Resources Panel of Fire Authority in May 2014, Members considered a report of the Chief Fire Officer & Chief Executive which outlined the regional work to standardise pre-determined attendances to AFAs and sought approval to change the earlier IRMP decisions in an attempt to further manage this issue.
- 1.3 Members were advised that the Sussex Control Centre Project (SSC) was working with the regional Ways of Working group (WOW) to develop common standard operating procedures and common Pre-Determined Attendance (PDA) for all calls received including to AFAs. The previous policy for attending AFAs had been endorsed by the Fire Authority and the Panel was asked to approve an amendment (set out in the report to the Panel), and the introduction of a new attendance policy in line with West Sussex Fire & Rescue Service to achieve a common PDA for AFAs.
- 1.4 Members were satisfied that the policy being put forward was in line with that adopted by a number of other Fire Authorities, and also in line with the policy in place in West Sussex. Members agreed that a unified response with West Sussex, and other Authorities, would be appropriate and resolved that an amendment to the existing Automatic Fire Alarm policy to allow for a standardised PDA across Sussex in line with the regional Ways of Working be endorsed.
- 1.5 Following the decision of the Panel, the necessary detailed policy development, risk assessment and consultation processes were carried out and the new pre-determined attendance standards (one pumping appliance to all categories of AFA calls) came into force on the 1<sup>st</sup> July 2015.
- 1.6 At the Scrutiny & Audit Panel meeting of the Fire Authority held on the 5th November 2015, one Member of the Panel raised concerns about the application of the new policy.
- 1.7 The Chief Fire Officer confirmed that firefighters had also raised some concerns with him, and that officers were monitoring attendances to AFA calls on a monthly basis. He also confirmed that he had held discussions with the Fire Brigades Union (FBU) regarding the development of a protocol to identify specific high risk premises, which would potentially attract an increased pre-determined attendance to an AFA call. It was noted that this work would take some time to develop and a report would be brought back to a future meeting of the Fire Authority.
- 1.8 The purpose of this report is to consider relevant data in relation to the application of the policy since July 2015 and to outline the proposals from the work to identify a proportionate and practical protocol for identifying those premises where an enhanced PDA may be deemed appropriate.

## 2. **CURRENT POSITION**

- 2.1 The substantive data presented to the Policy & Resources Panel in May 2014 and which informed their decision to reduce the PDA to AFA calls indicated that, of the 7740 AFA mobilised calls attended over the reference period (2010/11 to 2013/14), only 280 (3.6%) were finally classified as Primary Fires.
- 2.2 Of those 280 primary fires, there was no firefighting action at 147 incidents (52.5 %) and a hosereel was only used as the main method of extinguishment on 23 occasions (8.2%). Overall therefore, a hosereel was only used at an AFA mobilised call on 0.3% of occasions over a four year period.
- 2.3 This data underpinned the rationale for reducing the attendances to AFA calls. This was further supported by the fact that the regional tactical operational guidance, task analysis and accompanying risk assessment also proposed that a one pump attendance was suitable and sufficient to allow the fire service to investigate activations of automatic fire alarm systems.
- 2.4 A review of similar data sets for the period since the new policy went live (1<sup>st</sup> July 2015 to 31<sup>st</sup> March 2016) indicates that of the 1647 AFA mobilised calls, 57 were finally classified as primary fires. This represents 3.5% and is therefore in line with the 3.6% previously reported to the Authority.
- 2.5 Of those 57 primary fires, there was no firefighting action at 41 incidents (71.9 %) and a hosereel was not used as the main method of extinguishment at any of these incidents. The data therefore supports the previous decision of the Authority and indicates that a reduced attendance to AFAs continues to provide a proportionate and risk based response in most circumstances.
- 2.6 However, Members will note, as advised previously by the Chief Fire Officer, that the AFA policy agreed by the Fire Authority makes provision for the local station manager to make a case for a temporary or permanent increase in the PDA to individual identified premises based on risk. The following section outlines the outcomes from the work to identify a suitable protocol and the proposal recommended by the Corporate Management Team.

## 3. **ENHANCED PDA PROTOCOL – PROPOSAL**

- 3.1 A number of Borough Commanders have worked locally with their staff to begin to identify those premises which they believe should warrant an enhanced PDA to an AFA call.
- 3.2 Officers from the central Operations team have worked with the FBU and Borough Commanders to review these premises and to consider a suitable methodology on which to base an assessment.
- 3.3 The review considered the type of incident that crews were being mobilised to and the tasks that ESFRS would require the crews to undertake.



- 3.4 The ESFRS Tactical Operational Guidance (TOG) for the “A01 AFA Generic” incident type uses the descriptor as ‘Alarm Calls originating from an Automatic Fire Detection system’. The planning assumption within the task analysis defines the tasks as ‘A call to investigate a fire alarm sounding. There is no response from the premises, with no obvious signs of fire’.
- 3.5 It was agreed by the working group that, in mobilising crews to AFA calls, ESFRS are therefore tasking operational crews to investigate and search for signs of fire or the activated detection point. If any indicators from the call challenge process at the Sussex Control Centre identify a potential fire situation the appropriate PDA for that incident type would be mobilised.
- 3.6 The review therefore considered those factors which would affect the ability of the crews to investigate the property in a safe and timely manner. It was agreed that these factors needed to be significant, and enough to justify an enhanced PDA.
- 3.7 The review identified two areas which should be measured / assessed:
1. Where a larger number of personnel than attending on one appliance were needed to complete the tasks identified above in a safe and timely manner.
  2. Where the factors identified would indicate that the premises would be significantly more at risk of a fire situation and therefore require a greater attendance than one appliance.
- 3.8 The factors and assessment of both measures identified are shown below:

Factor	Increased personnel	Increased chance of fire
Very large premises – multiple entrances	✓	
Complex Layout – potential loss of emergency exit for FF	✓	
Badly managed fire safety in premises		✓
Violent/aggressive behaviour – no lone working	✓	✓
History of fires – to be defined		✓
High rise – reconnaissance team would need to commit for information gathering	✓	
Domestic smoke detector		✓
High risk occupancy – half-way house, etc.	✓	✓
Very long travel distance from station to premises		✓
History of arson/threat of arson		✓
Subterranean – complex basement	✓	✓

- 3.9 The review team will undertake further analysis around these areas and will consider the benefits of a more sophisticated scoring structure. However, at this stage, it is considered that a simple “yes” to any of the factors identified above is sufficient to identify the potential need for an enhanced PDA.

- 3.10 The proposal being put forward, as recommended by the Corporate Management Team, is for further work to be undertaken to refine this methodology following which, Borough Commanders would be invited to submit “applications” which the central Operations team would then assess against the agreed criteria. The Assistant Director - Operational Support & Resilience would retain final approvals.
- 3.11 In line with the general direction to decentralise accountability and responsibility where appropriate, the longer term plan would be for these decisions to be made at Borough Commander level, with the central Operations team providing a scrutiny and sampling role to ensure consistency across the Service.
- 3.12 **AFA mobilisations to high rise premises**
- 3.13 As part of this work, representations have been made to increase the PDA to all AFA mobilisations at high-rise premises on a category wide basis. This is reflected in the table above where high-rise premises have been identified as a separate category.
- 3.14 An analysis of the attendances to high rise AFA calls since 1<sup>st</sup> July 2015 indicates there were 158 calls. Of these, 10 (6.3%) were finally classified primary fires. Of those 10, a hosereel was only used on 3 occasions (1.9%).
- 3.15 Whilst this data is broadly in line with general AFA incident data, it is recognised that the reduction in standard crewing levels on appliances, as agreed by the Fire Authority, can, in certain circumstances, make it more challenging for an initial crew of 4 to carry out a timely investigation into the alarm signal activation in a high-rise premises. In addition, the requirements of the new High-Rise Tactical Operational Guidance and the introduction of the new breathing apparatus command and control procedures (introduced since the original Fire Authority decision in May 2014) mean that, should the AFA call turn out to be a fire, the initial attending crew of 4 will be limited in the action they can take.
- 3.16 It is therefore recommended that the PDA to AFA activations in high-rise premises be enhanced.
- 3.17 **Impact on vehicle mobilisations**
- 3.18 If the Panel agree to the range of modifications to AFA PDAs to include premises specific risk assessments against the criteria proposed above; and category wide changes for high-rise premises, it is estimated that this would result in an additional 550 vehicle mobilisations per year. The professional view of Officers is that this is the worst case scenario as it is unclear at this stage how many premises submitted by Boroughs would meet the agreed criteria.

#### 4. **CONCLUSIONS**

- 4.1 A review of incident data since the new AFA policy went live in July 2015 indicates that the data which helped inform the original Fire Authority decision was sound and provided a risk based and evidence based rationale for supporting a reduced PDA to AFA calls.
- 4.2 The new policy does recognise that there may be premises which sit outside the normal attendance parameters where an enhanced PDA might be justified. Two examples of potential categories which may warrant an enhanced PDA have been included above. One of these categories - domestic properties - has been discounted but it is recommended that the PDA for AFA mobilisations to high-rise premises be enhanced to two appliances.
- 4.3 In addition, a proposed working methodology on which to base a premises by premises individual assessment has been developed and is recommended for implementation.



## Agenda Item No. 034

### EAST SUSSEX FIRE AUTHORITY

<b>Panel</b>	Scrutiny & Audit
<b>Date</b>	26 May 2016
<b>Title of Report</b>	2015/16 Annual report of the ESFRS Local Firefighters' Pension Board
<b>By</b>	Councillor Carla Butler, Chair of the Local Firefighters' Pension Board
<b>Lead Officer</b>	Vicky Chart, Assistant Director of Human Resources & Organisational Development
<b>Background Papers</b>	Local Firefighters' Pension Board meetings held on 13 July 2015, 9 December 2015, and 25 April 2016 Training documents from 1 February 2016.

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<b>Appendices</b>	None
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#### Implications

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>		<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

<b>PURPOSE OF REPORT</b>	To inform the Panel of the matters considered by the Pensions Board during 2015/16.
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#### EXECUTIVE SUMMARY

The Authority, (on 12 February 2015), approved the establishment of a Local Firefighters' Pension Board to fulfil the requirements of the Public Service Pensions Act 2013. The terms of reference of the Pension Board state that the Board shall report its activities periodically, but at least once each year to the Scrutiny & Audit Panel.

The Board has met on four occasions during the year, to hold three Board meetings and one training session.

The Board has considered local issues and national issues and their impact on the East Sussex Schemes.

The Board has not identified any matters of concern in the administration of the Firefighters' Pension Scheme.

## **RECOMMENDATIONS**

The Panel is asked to:

- (i) note the annual report of the Pension Board for 2015/16 and that the Board has not identified any matters of concern in the administration of the Firefighters' Pension Scheme; and
- (ii) note that a further report will be considered by the Fire Authority at its meeting in June 2016 on the operation of the Pension Board and the position of the Board chair.

## 1. **ESTABLISHMENT OF THE LOCAL PENSION BOARD**

1.1 The Authority (on 12 February 2015) approved the establishment of a Local Firefighters' Pension Board to fulfil the requirements of the Public Service Pensions Act 2013. The Authority agreed that the Board should comprise four employee representatives (one each from Fire Brigades' Union (FBU), Retained Firefighters' Union (RFU), Fire Officers' Association (FOA) and Association of Principal Fire Officers (APFO)) and four employer representatives drawn from the Fire Authority.

1.2 The Authority also approved a role description for employer and member representatives. The terms of reference for the Board are set out in the Authority's Constitution and can be viewed at:  
<http://www.esfrs.org/about-us/fire-authority-constitution/>  
The terms of reference indicate that the Board should meet a minimum of twice per year, although the Board understood that this may have to be more often whilst it became established and familiar with its role.

1.3 The Board members for 2015/16 were:

Councillors Butler (Chair), Earl, Penn and Taylor.

FOA – Chris Baker

RFU – Justin Goodchild

FBU – Simon Herbert (until 25 April 2016)

FBU – Mark Brown from 26 April 2016)

APFO – Gary Ferrand (until December 2015) – vacant since January 2016.

The Board elected Councillor Carla Butler as its Chair for the year.

## 2. **MEETINGS OF THE BOARD**

2.1 The Board has met on four occasions – 13 July 2015, 9 December 2015, 1 February 2016 (training session) and 25 April 2016.

## 3. **MAIN ISSUES CONSIDERED BY THE BOARD**

### 3.1 13 July 2015

3.1.1 The Board elected Councillor Butler as its Chair, and considered its terms of reference, the employer and member representatives' role description, and an overview of the Scheme and responsibilities. The Board was given supporting information from the Pensions Regulator: 'The Essential Guide to the Public Service Code' and a 'Quick Guide for Public Service Pension Board Members'.

3.1.2 The Board agreed a way forward for the future training of Board Members to enable them to perform their role and recognised that individual members would suit different styles of learning. Following this, the then Assistant Chief Officer undertook a training needs analysis of individual Board members which informed the agenda for the training session on 1 February 2016.

3.1.3 The Board considered future topics that it wished to consider and agreed that a future work programme should be based around assurances that could be reviewed against those areas set out in the Pension Regulator's Code of Practice.

3.1.4 The Board noted that the Fire Authority will be reviewing the position of the Chair of the Board after one year; some Board members have suggested that the appointment of Board members for a term of only one year is too short, given the level of knowledge and training Board members needed and felt that members would need to be appointed for longer than a year to gain a thorough understanding of the work involved.

## 3.2 9 December 2015

The Board considered an update on pensions matters. This included:

### 3.2.1. GAD v Milne

The outcome of the Government Actuary's Department (GAD) v Milne case, and that 66 individuals in ESFRS were affected by the ruling. The Treasury and DCLG had committed to funding the cost of the lump sum payments.

### 3.2.2 Transitional arrangements – Firefighters' Pension Scheme 2015

Following the introduction of the new Firefighters' Pension Scheme on 1 April 2015, the FBU had levied a trade dispute which remains live. Transitional arrangements were introduced by the Government. Those members who, as at 1 April 2012, are within 10 years of their current scheme's national pension age would remain in that scheme until they retired. A taper protection was introduced for those members who were up to a further 4 years from their scheme's normal pension age and these members can remain in their scheme until their taper protection date after which they will transfer to the 2015 scheme. The Government's transitional arrangements were being challenged by the FBU. Should the Government be found to have acted unlawfully, the transitional arrangements will have to be changed and any individuals affected offered compensation.

### 3.2.3 Norman v Cheshire

Firefighter Norman had challenged the application of the existing firefighter pension rules where additional payments, where received as a day crewed firefighter, should have been taken into account when calculating his pension. Judgement was found in his favour and fire authorities have had to review their own additional pay elements with regard to pensionable pay. The amount to be met by ESFA had been calculated and the unions had agreed the payments from members which had to have been made by 31<sup>st</sup> March 2016. The Fire Authority has considered previous reports on this issue.



- 3.2.4 Legal challenge – pensionable service  
The Government had conceded a claim regarding the number of years' service that could be counted for pensionable purposes. The effect of this was that members of the Scheme only had to make contributions for 30 years maximum; those who had made contributions between the ages of 18-30 and who had left the Scheme were entitled to a refund of the contributions paid between the ages of 18-20. Those members who were still active members of the scheme would have contribution free years between the ages of 48-50.
- 3.2.5 Firefighters' Pension Scheme – Audit Activity  
The Board had considered the internal and external audit activity in relation to the Firefighters' Pension Scheme (FPS). The 2014/15 Internal Audit's review of the Authority's arrangements for administering the FPS with the objective of ensuring that contributions received into and paid out of the Scheme were accurate, had given a full assurance opinion and had made no recommendations.
- 3.2.6 The Board recognised the additional burden that these pensions' issues would place on staff administering the pension scheme, both at ESFRS and Orbis.
- 3.3 1 February 2016  
This was a training session noted in paragraph 4.
- 3.4 25 April 2016  
The Board considered an update on pensions matters. This included:
- 3.4.1 Pensions Update  
This updated the Board of recent pension developments including transitional arrangements for the FFPS 2015; contributions for those with over 30 years' service, who joined aged 18-20; an update on Norman v Cheshire; RDS modified pension settlement; the new state pension and the end of 'contracting-out'; firefighters' pension schemes – 2016 valuation; and annual benefit statements.
- 3.4.2 Procurement of Pensions Administration  
This outlined the Business Operations approach to the effective delivery of a pensions administration service for the Firefighters' Pension Schemes on behalf of the East Sussex Fire Authority and provided an update on the procurement of a pensions administration system to support effective delivery.
- 3.4.3 Annual Report of the Pensions Board 2015/16  
The Board considered this report prior to its submission to the Scrutiny & Audit Panel.

3.4.4 Pension Board Training Event held on 1 February 2016  
See paragraph 4 below.

3.4.5 Appointment of Chairman and Members of the [National] Firefighters' Pension Scheme Advisory Board

The Assistant Director HR & OD updated the Board on the appointments to the [National] Firefighters' Pension Scheme Advisory Board. It was noted that Councillor Howson, Chairman of ESFA, was one of those appointed.

#### 4. **TRAINING**

4.1 The Board has held a training session on 1 February 2016 which covered:

4.1.1 The roles and expectations of Pension Board Members

The role of the Board was clarified. This included reporting breaches and considering conduct and conflicts. Members were reminded of the level of knowledge and understanding they needed to perform their role. The role of the Scheme Manager (the Fire Authority) was outlined and members understood that the Board's role was to assist the Scheme Manager for example, by:

- Developing and reviewing Scheme member/employer communications;
- Ensuring compliance of scheme employers with their duties under regulations and relevant legislation;
- Reviewing the complaints and performance of the administration and governance of the Scheme;
- Developing improved customer services; and
- Reviewing the effectiveness of processes for the appointment of advisers and suppliers.

4.1.2 Overview of the different firefighter pension schemes

The Board considered the requirements set out in the Firefighters' Pension Scheme 2015, (and the 1992 and 2006 Schemes) and the implications for the management of the Scheme and members of the Scheme brought about by various changes in legislation.

4.1.3 Role of ESFRS Pensions Team and Role of Orbis

The Fire Authority had ultimate responsibility as Scheme Manager, and the Chief Fire Officer had delegated responsibility for the operation of the Scheme and any discretions in consultation with the Treasurer. The Assistant Director of Human Resources & Operational Development was the senior manager responsible for Scheme management, and the Payroll & Pensions Manager carried out the day to operations. Orbis Business Services provided a functional service for the Scheme administration.

#### 4.1.4 Pension Scheme Funding

The Board reviewed the Firefighters' Pension Fund Accounts 2014/15 extracted from the Fire Authority accounts 2014/15. The Scheme was funded from members' contributions, employer's contributions, and government grants. It was an unfunded scheme with no investments. Payments made from the Scheme included pensions and lump sums paid to Scheme pensioners. Injury awards were paid directly by the Fire Authority to the recipient. Employee and employer contribution rates differed in the 1992, 2006 and 2015 Schemes.

#### 4.1.5 Communications to Scheme members

The Board was reminded of its role in ensuring appropriate communication with Scheme members and will be addressing this in the coming months.

#### 4.2 Competency Self-assessment

Board members were asked to complete a learning needs and training analysis prior to the training held on 1 February 2016. The Board felt that many of their training needs had been addressed through this training session but asked for regular sessions to be held to keep their competency up to date.

#### 4.3 Public Service Toolkit – on-line training modules

Board members have been asked to complete the on-line training provided by the Pensions Regulator. The modules were:

- Resolving internal disputes
- Maintaining accurate member data
- Conflicts of interest
- Reporting breaches of the law
- Providing information to members and others
- Managing risk and internal controls
- Maintaining member contributions

### 5. **FIREFIGHTERS' PENSION SCHEME ADVISORY BOARD**

5.1 The Firefighters' Pension Scheme Advisory Board was established by the Firefighters' Pension Scheme (England) Regulations 2014. It consists of a Chairman and at least two but no more than 14 persons appointed by the Home Secretary. The Home Secretary has appointed Malcom Eastwood CBE as Chairman and has considered nominations and made 14 appointments (7 each of employer and employee representatives).

5.2 The Chairman of the Fire Authority, Councillor Howson, was nominated to the Firefighters' Pension Scheme Advisory Board and has subsequently been appointed by the Home Secretary.

### 6. **CONCLUSION**

6.1 The Board has not identified any matters of concern in the administration of the Firefighters' Pension Scheme.

