

Scrutiny & Audit Panel

31 October 2019



Membership:

Councillors: Barnes (Chairman), Taylor, Smith, Hamilton, Evans, Lambert and Osborne

You are requested to attend this meeting to be held in the County Hall, St Anne's Crescent, Lewes, East Sussex, BN7 1UE at 10.00 am

Quorum: 3

Contact:	Zoe Downton, Democratic Services Officer 01323 462086, democraticservices@esfrs.org
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Agenda

12. Declarations of Interest

In relation to matters on the agenda, seek declarations of interest from Members, in accordance with the provisions of the Fire Authority's Code of Conduct for Members

13. Apologies for Absence/Substitutions

14. Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items

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

15. Non-Confidential Minutes of the last Scrutiny & Audit Panel meeting held on 25 July 2019

5 - 10

16. Callover

The Chairman will call the item numbers of the remaining items on the open agenda. Each item which is called by any Member shall be reserved for debate. The Chairman will then ask the Panel to adopt without debate the recommendations and resolutions contained in

the relevant reports for those items which have not been called

- | | | |
|------------|---|----------------|
| 17. | 2019/20 2nd Quarter - Corporate Risk Register Review | 11 - 24 |
| | Report of the Assistant Director Resources / Treasurer | |
| 18. | 2019/20 1st & 2nd Quarter Performance Results | 25 - 38 |
| | Report of the Assistant Director – Planning & Improvement | |
| 19. | Annual Audit Letter 2018/19 | 39 - 60 |
| | Report of the Assistant Director Resources / Treasurer | |
| 20. | 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 the category under which the information disclosed in the report is confidential and therefore not available to the public. | |
| 21. | Information Security Project - Update | 61 - 72 |
| | Report of the Information Technology Governance Manager | |

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

Date of Publication: 23 October 2019

Information for the public

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SCRUTINY & AUDIT PANEL

Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at County Hall, St Anne's Crescent, Lewes, East Sussex, BN7 1UE at 10.00 am on Thursday, 25 July 2019.

Present: Councillors Barnes (Chairman), Taylor, Smith, Hamilton, Evans, Lambert and Osborne

Also present: D Whittaker (Chief Fire Officer), M Andrews (Assistant Chief Fire Officer), M Matthews (Assistant Director Safer Communities), L Ridley (Assistant Director Planning & Improvement), D Savage (Assistant Director Resources/Treasurer), L Woodley (Deputy Monitoring Officer), W Tricker (Finance Manager), L Stevenson (Risk & Insurance Officer), Helen Thompson (Ernst & Young LLP), Joanna Knightley (East Sussex County Council), Z Downton (Democratic Services Officer - Minutes), E Simpkin (Democratic Services Officer)

1 Declarations of Interest

It was noted that, in relation to matters on the agenda, no participating Member had any interest disclosable in accordance with the provisions of the Fire Authority's Code of Conduct for Members.

2 Apologies for Absence/Substitutions

There were none.

3 Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items

The Chief Fire Officer (CFO) wished to highlight to Members the week's events which had seen colleagues across the Service tackle two serious fires; one at the George Inn in Rye, East Sussex and one on the ranges at Lydd in support of Kent Fire and Rescue Service. The CFO felt it was important to recognise the contribution that had been made not only by the crews who worked hard in arduous conditions, but those who carried out essential roles to support operations in control, engineering or other parts of the Service. Panel Members and the CFO expressed their thanks for all the contributions Service staff had made during those incidents.

4 Non-Confidential Minutes of the last Scrutiny & Audit Panel meeting held on 5 June 2019

RESOLVED – That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 5 June 2019 be approved as a correct record and signed by the Chairman. (*Copy in Minute Book*)

5 Callover

Unconfirmed minutes – to be confirmed at the next meeting of the Scrutiny & Audit Panel

Members reserved the following items for debate:

- 6 External Auditor's Audit Results Report (ISA 260) and Statement of Accounts 2018/19
- 8 Safety Events Statistics Report – Q1, 2019-20
- 9 Corporate Plan Progress Monitoring Quarter 4 2018/19

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

6 External Auditor's Audit Results Report (ISA 260) and Statement of Accounts 2018/19

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which presented Members with the results of the External Auditor's Results Report (ISA 260) (Appendix 1) and the Authority's 2018/19 Statement of Accounts (Appendix 2). (*Copy in Minute Book*)

The Authority's External Auditor, Ernst & Young (EY), was obliged to produce an Audit Results Report (ISA 260) which reported formally on the outcome of the audit of the Authority's financial statements.

EY had substantially completed its audit of the Authority's financial statements for the year ended 31 March 2019. The ADR/T confirmed that there had been no material issues with the Accounts at the time of reporting.

Ahead of the meeting, the ADR/T had brought to Members' attention details of a pensions-related matter which might delay EY from completing its audit of the Accounts and issuing an audit certificate by the date of the Scrutiny & Audit Panel meeting. The ADR/T reminded Members of the background; that there had been a legal case challenging the transitional protections put in place by the Government as a number of public sector pension schemes moved from final salary to career average basis over recent years. Specifically, judgment had been given against the transitional protections in a case called McCloud/Sargeant which covered the pension schemes for judges and firefighters (FPS), but had implications for a wider range of schemes including the Local Government Pension Scheme (LGPS).

At the time the draft accounts had been issued (31 May 2019) the Government was still considering leave to appeal against the judgment, and accordingly the Authority had included a Contingent Liability note in the Accounts (LGPS Note 36 on page 69 and FPS Note 4 on page 76) setting out a high level assessment of the potential impact on scheme liabilities based on reports provided by and commissioned from GAD (Government Actuary Department) and using wording agreed at sector (FPS) and local (LGPS) level.

Unconfirmed minutes – to be confirmed at the next meeting of the Scrutiny & Audit Panel

On 27 June 2019, the Supreme Court refused the Government leave to appeal the original decision and as a result it was necessary for the Authority to commission its actuary to reassess the Authority's pension liabilities and this was achieved through an IAS19 report. The updated reports had been received from the actuary on 10 July 2019 and updated accounts provided to EY on 14 July 2019.

The ADR/T updated Members that EY had now received national guidance from their pension team on their approach to auditing the revised IAS19 figures and the Authority was waiting for EY to carry out their internal checks and provide its audit certificate by the 31 July 2019 statutory deadline.

In conclusion, the ADR/T had set out amended recommendations for the Panel's consideration (as detailed in Resolutions i) to iv) below) to approve the publication of the unaudited accounts by the statutory deadline and to ensure that the Accounts could be re-issued once the audit certificate was provided.

Helen Thompson (Associate Partner, EY LLP) thanked the ADR/T for his summary. She understood that, in a change to previous years, the Audit Commission would not be making public a list of those authorities who had not published audited accounts either by 31 July 2019 or by 30 September (previous statutory deadline), in acknowledgement of a particularly challenging year for auditors and authorities. She confirmed that EY now had all the information needed in respect of the pensions matter and, subject to a non-material outcome of the outstanding work, EY expected to issue an unqualified opinion on the Accounts and intended to issue its audit certificate by 31 July 2019.

Ms Thompson highlighted to Members the salient points of EY's Audit Results Report (ISA 260) and thanked the ADR/T, Jo Knightley (Accountant, East Sussex County Council) and Warren Tricker (Finance Manager, East Sussex Fire & Rescue Service) for their patience and support to EY throughout the audit process. The Panel thanked Ms Thompson and acknowledged that there were no areas of concern within the Accounts at the time of reporting.

RESOLVED – That the Panel:

- (i) Approved the 2018/19 Statement of Accounts (the Accounts) for publication by 31 July 2019, without the audit certificate if necessary;
- (ii) Agreed that if the audit certificate was not forthcoming before 31 July 2019, the Authority would publish the Accounts and, in line with the Accounts and Audit Regulations 2015, also publish a notice explaining why there was no audit certificate;
- (iii) Approved delegation to the Assistant Director Resources/Treasurer to re-issue the Accounts with an audit certificate if there were no material changes (after consultation

Unconfirmed minutes – to be confirmed at the next meeting of the Scrutiny & Audit Panel

with the Chief Fire Officer/Chief Executive and the Chairman of the Scrutiny & Audit Panel); and

- (iv) Noted that if, on receiving the audit certificate, there were material changes to the Accounts then those would need to be presented for re-approval by the Fire Authority at its scheduled meeting on 5 September 2019.

7 Contract Standing Orders - Waivers Summary August 2018 to date

The Panel received the report of the Assistant Director Resources/Treasurer which appraised Members of the waivers granted in the remainder of the financial year 2018/19 and thus far in 2019/20, as required by Contract Standing Order (CSO) 7.4. *(Copy in Minute Book)*

RESOLVED – That the Panel noted the contents of the report and did not consider it necessary to receive any further information.

8 Safety Events Statistics Report - Q1, 2019-20

The Panel considered the report of the Deputy Chief Fire Officer (DCFO) which provided Members with a summary of safety events data and hazard reports received by the Health, Safety & Wellbeing Team during Quarter 1 of 2019/20, and which also included the report for the shared 3F Key Performance Indicators (KPIs), East Sussex Fire and Rescue Service Home Office Statistics, Level 2 Accident Investigations tracker and age and gender data. *(Copy in Minute Book)*

The Panel commented that it was positive to see a reduction in the number of reported safety events in comparison with the same quarter in 2018/19, although the rise in manual handling incidents was also noted.

The Panel noted the recent incidents at the Service Training Centre (STC), Maresfield involving people from an adjacent site and questioned the potential for further disruption to operational training in light of the approved planning application by Wealden District Council for a hotel and coffee outlet opposite STC on the Ashdown Business Park. The Chief Fire Officer (CFO) explained that the Service was in full consultation with East Sussex County Council officers, Police and the neighbours on the adjacent site following the incidents. The Service would continue to inform neighbouring sites of programmed dates for training that involved live burns. The CFO reassured Members that the situation was being monitored and the Service intended to maintain good relations with all neighbours. In respect of the new businesses to be built in the vicinity, the Service's intention was to mitigate any concerns and build a rapport with its new neighbours, accepting that the new neighbours were commercial businesses.

Members of the Panel asked that a letter be written on their behalf to remind Wealden District Council Officials of the critical and strategic importance of

Unconfirmed minutes – to be confirmed at the next meeting of the Scrutiny & Audit Panel

the Operational Training Centre to the Service. The CFO would draft the letter on behalf of the Panel's Chairman.

RESOLVED – That the Panel:

- i) Considered the Quarter 1 health and safety statistics for 2019/20 as set out in the report;
- ii) Continued to monitor and scrutinise performance in 2019/20; and
- iii) Had not identified any areas where Members required further assurance.

9 Corporate Plan Progress Monitoring Quarter 4 2018/19

The Panel considered the report of the Assistant Director Planning & Improvement (ADP&I) which demonstrated progress made on the key actions up to the end of Quarter 4 2018/19, against the Service's Corporate Plan 2018/19. (*Copy in Minute Book*)

The Panel asked for clarity of the risks under Activity Title: 1.1.1.9 – Deliver Information Security Step Change Programme. The ADR/T explained that the need for improved Information Security Management Systems had been identified as part of the process to outsource IT service delivery to Telent. A range of key risks had subsequently been addressed as part of the contractual transformation milestones with Telent. He highlighted the work the Service had carried out with Aristi (an external information security consultancy) to progress the Service's Information Security Management Strategy; such as project plan and IT health check. An action plan would be put in place to address the range of issues that had been identified, with detailed internal reporting on a regular basis through the IT Strategic Board, on which Fire Authority Member Councillor David Tutt attended in his role as Lead Member for IT. The ADR/T agreed that a further update would be brought to the next Panel meeting in Autumn 2019. The Panel requested that Councillor Tutt be invited to the next Panel meeting to update Members on the work of the IT Strategic Board, following the Board's quarterly meeting in October 2019.

The Panel noted the progress of the project to rollout Corporate Wifi across all Service facilities and locations (Activity Title: 1.1.4.11, page 186 of the agenda). The ADR/T reported that delivery of the project was planned for the end of 2019.

RESOLVED – That the Panel:

- i) Noted the achievements, progress, and work to date, as detailed in Appendix 1 against the activities set out in the 2018-19 Corporate Plan; and

EAST SUSSEX FIRE AUTHORITY

Panel: Scrutiny and Audit Panel

Date: 31 October 2019

Title of Report: 2019/20 Second Quarter Corporate Risk Register Review

By: Assistant Director Resources/Treasurer

Lead Officer: Warren Tricker, Finance Manager

Background Papers: Scrutiny and Audit Panel 25 July 2019, 2019/20 First Quarter Corporate Risk Register Review, Health and Safety Estates Strategy

Appendices: Appendix 1 RAID Log Scoring Matrix
Appendix 2 Corporate Risk Register and Mitigation Plans

Implications (please tick ✓ and attach to report)

CORPORATE RISK	✓	LEGAL	
ENVIRONMENTAL		POLICY	
FINANCIAL		POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	
EQUALITY IMPACT ASSESSMENT			

PURPOSE OF REPORT To report on the latest quarterly review of Corporate Risk

EXECUTIVE SUMMARY The Authority has in place established procedures for ensuring that corporate and business risks are identified and managed. The Corporate Risk Register was refreshed early in 2018/19 with support from external risk experts.

Risks are scored against a 4x4 scoring matrix as shown in Appendix 1.

The review of corporate risks is an ongoing process and reports are presented on a quarterly basis. The updated position is shown in Appendix 2.

The process for reporting Project Risks is being changed. Such risks will be reported through the Programme Management Officer and escalated to the Corporate Risk Register when relevant.

This report discusses the second quarter position. It shows the Panel the business risks identified and how they have or are being mitigated.

RECOMMENDATION

The Panel is recommended to:

- a) Note the Q2 Corporate Risk Register including changes made since Q1.
 - b) Identify any issues where it requires further information or assurance.
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1. INTRODUCTION

- 1.1 This report brings the Second quarter Corporate Risk Management Mitigation Plan. Corporate business risks are considered by SLT quarterly and reported to Scrutiny and Audit Panel for consideration.

2. FOR INFORMATION

2.1 Removal of Failure to Delivery of IT Strategy R4

- 2.1.1 A number of projects are set out to identify and mitigate greater risks of IT Strategy underway has brought risk scores down.

- 2.1.2 Although work continues to improve performance current mitigations have brought scoring down for this risk low enough to remove from the corporate risk report but will continued to be monitored via the department risk register. SLT has agreed that this risk be removed from the Corporate Risk Register. Monitoring of the delivery of the IT Strategy will continue at Directorate level and through the IT Strategic Board.

2.2 New Mitigations involving Health and safety non-compliance R2

- 2.2.1 Significant progress has been made in improving Health and Safety Management within the Service's estate. The secondment of an additional resource into the team to deliver improved H&S management systems has been key to this improvement. This has resulted in a number of actions being reclassified as mitigations now that they are in place.
- 2.2.2 Work in progress to the statutory certification for equipment maintenance will further reduce risk levels.

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CORPORATE RISK REGISTER

Scoring for all Corporate Risk and Project RAID Log

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)	Tolerable (4)

Corporate Risk and Project RAID Log Scoring Matrix

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)

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Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
2 Health & Safety non-compliance	<ul style="list-style-type: none"> Policy and practices not effective Policies not followed Inconsistent implementation H&S approach is not effectively targeting the highest risk areas Lack of proactive / preventative measures to reduce likelihood Specific issues regarding Face fit testing and Management of Contractors 	<ul style="list-style-type: none"> Training programmes in place Policies in place Appropriate systems exist Changes to the management and staffing structure Governance for Health, Safety & Wellbeing in place Revised estates policy for management of contractors Secondment of individual into Facilities Management (FM) role to deliver improvements in processes for estates / management of contractors for 12 months 	Impact = 4 Likelihood = 2 Score = 8 Moderate	<ul style="list-style-type: none"> Health and Safety (H&S) policy frame work review including the implementation of a new H&S management system planned to end March 2020 H&S peer review and implementations of findings 5 year audit plan Acceleration of "facefit" programme for respirators using external contractor Continuing to finalise legal regulations for RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) reports Developing the H&S legal register 	January 2020	AD Training & Assurance

Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
3 Future financial viability	<ul style="list-style-type: none"> Reducing funding stream (uncertainty) Failure to identify and deliver savings Difficult to predict future needs / resources required Changes in legislation increasing burden 	<ul style="list-style-type: none"> 2019/20 budget agreed Medium Term Finance Plan (MTFP) updates and reporting Efficiency Strategy agreed 75% Business Rates Retention (BRR) Pilot bid successful Continued monitoring of BRR proposals. Delivery of savings monitored and reported to SLT and members Resource Planning meeting to monitor operational establishment Establishment and use of general and earmarked reserves to manage financial risk Collaboration through East Sussex Finance Officers Association (ESFOA) to protect shared income streams e.g. Council Tax and Business Rates Use of financial reserves to manage risks e.g. drawdown of £0.625m to manage financial implications of Sussex Control Centre Project 	Impact = 2 Likelihood = 3 Score = 6 Moderate	<ul style="list-style-type: none"> Further development of the actions set out in the Efficiency Strategy including Managers Seminar July 2019 Initial discussions at SLT to identify potential savings options for 2020/21 "Star Chamber" budget scrutiny as part of the budget setting process Review of Integrated Risk Management Plan (IRMP) including operational response review with proposals for consultation to CFA Feb 2020 Lobbying in advance of Comprehensive Spending Review via National Fire Chiefs Council (NFCC) and local MPs Modelling of impact of Spending Round pending release of Local Government Finance Settlement for 2020 	January 2020	AD Resources / Treasurer
5 Ability to meet developing legislative requirements evolving from central fire safety regulatory reviews	<ul style="list-style-type: none"> Policy or legislative changes that are likely to arise from reviews and investigations Unknown burdens on service delivery Likely increased funding required Knowledge and capability needed Lack of capacity and capability inability to adapt service delivery models 	<ul style="list-style-type: none"> Introduction of firefighter business safety Competence framework for business safety officers Business Safety Review to refresh structure to ensure appropriate capacity and contingency" Continue to monitor developments from the Hackitt and Moore Bick reviews and potential legislative / regulatory changes 	Impact = 2 Likelihood = 3 Score = 6 Moderate	<ul style="list-style-type: none"> Refresh and publish a new Protection Strategy to take account of the emerging issues. Allocate ESFRS officers to national working groups to steer and understand the implications of the proposed national changes. 	January 2020	ACFO

Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
6 Effective workforce planning e.g. professional services	<ul style="list-style-type: none"> Increasingly difficult to recruit into professional services HR policy flexibility (grades/salaries) Recruitment pool processes Already lean workforce Cognisant of the HMICFRS findings 	<ul style="list-style-type: none"> Introduction of Strategic Workforce planning process (new action reads – embed and reinforce Workforce Plan) To explore and introduce a market supplement process for professional service jobs (new action reads – review contracts and policy to embed this process. Continue to consider the wider recruitment market to assess salary points for specialist posts). Recruitment and selection framework Process Improvement Project to deliver efficiencies in roles and policy supporting lean workforce 	Impact = 2 Likelihood = 4 Score = 8 Moderate	<ul style="list-style-type: none"> Locating resources with ITG to ensure employee data is General Data Protection Regulation (GDPR) compliant from a HR perspective. Redesign current talent pool process at each operational level within the Organisation Develop a strategic workforce planning process. To explore and introduce a market supplement process for professional service jobs To re-engineer the recruitment and selection processes for professional services 	January 2020	AD HR&OD
8 Failure to mobilise effectively (Service Control Centre)	<ul style="list-style-type: none"> Legacy software incompatibility with newer versions Full specification not effectively implemented SCC incident / system failure Lose of staff resulting in insufficient staff to maintain business as usual operational service 	<ul style="list-style-type: none"> System went live for ESFRS resources on 20th March 2018 following satisfactory testing phases. Fall-back and business continuity arrangements designed, tested and operating (this includes fully functional secondary control at Maresfield. Refreshed approach to approach to attendance management. Additional resources made available due to project extension. Business As Usual and Project Budgets increased due to extension and to ensure resilience across both areas. New project manager appointed Crewing degradation policy in place. Resilience plan in place and being managed via weekly conference calls Interim single service model being developed for period Dec 2019 to March 2021 Required additional funding identified and agreed for interim period 	Impact = 4 Likelihood = 3 Score = 12 Substantial	<ul style="list-style-type: none"> Further audits and remediation plans for Mobile Data Terminals, Wi-Fi and Station End Equipment Scenario planning for future options / outcomes underway including further options around staffing being considered Exit Strategy for WSFRS being developed Project 21 underway to identify options at end of current contract for mobilising service – due to report to CFA October 2019 	January 2020	DCFO

Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
<p>9</p> <p>Failure to manage the effects and impacts of a major loss of staff event</p>	<ul style="list-style-type: none"> Lack of engagement with unions / staff Poor / ineffective consultation practices Ineffective communications Lack of business continuity Pandemic Flu Major travel disruption Failure of National pay negotiation leading to action short of a strike 	<ul style="list-style-type: none"> Review outcomes of Retained Firefighters Union report Introduction of the On-call action learning set Establish a resilience group to refresh the resilience contingency plans and loss of staff protocols. Establish regional loss of staff working group to share best practice and assist in contingency planning". Introduce a revised Business Continuity Plan for major loss of staff Deliver an Emergency Management Team (EMT) exercise to test the plans and response by the key staff within the continuity plans. 	<p>Impact = 3 Likelihood = 3</p> <p>Score = 9 Moderate</p>	<ul style="list-style-type: none"> Develop a continuity handbook for staff to assist in managing the early stages of a major loss of staff. Engage with key staff to understand the landscape of staff availability during these events Working with Sussex Resilience Forum (SRF) to assess threat and risk as part of community risk 	<p>January 2020</p>	<p>ACFO</p>
<p>10</p> <p>Inability to respond effectively to a cyber incident</p>	<ul style="list-style-type: none"> Lack of effective Business Continuity Plan (BCP)in place Underestimation of risk likelihood Poor policies and procedures Human error Lack of staff awareness (e.g. phishing) Poor protection of systems leading to increased severity 	<ul style="list-style-type: none"> Intend to progress the IT Risk Treatment Plan IT Health Check now complete. The Information Security Management Forum to meet on a regular basis Information Security e-learning in place Integrated Aristi report now received and action report based on findings External provider Aristi appointed to support development of new IS Framework 	<p>Impact = 4 Likelihood = 2</p> <p>Score = 8 Moderate</p>	<ul style="list-style-type: none"> Information Security Strategy to be developed Working with Aristi to convert report into a new risk treatment plan: to include actions from IT health checks Review of NRR and further national guidance being considered by Sussex Resilience Forum. ESFRS involved closely in this work and any relevant actions to be fed back to the service. 	<p>January 2020</p>	<p>DCFO</p>

Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
11 Failure to deliver key corporate projects	<ul style="list-style-type: none"> Lack of adherence to governance processes Lack of experienced staff managing projects Inability to recruit to vacant posts in the Programme Management Office (PMO) Over optimistic delivery plans 	<ul style="list-style-type: none"> Assignment of programme management office Set up of the PMO – team, processes, standards, PMO Manual Set up of Projects Tool Kit Intranet pages including templates, guidance and information to project managers and all staff involved in projects. Portfolio capture in place and rationalisation of clusters and sub clusters of projects. Set up of monthly reporting of projects into the PMO and quarterly / yearly PMO reporting to SLT. Terms of Reference for set up of Portfolio Change Board Key projects managed directly by the PMO (FireWatch, CRM, Business Intelligence, Respiratory Protective Equipment, ESMCP). Project management now in place for delivery of fleet and engineering projects Dependencies analysis and risks of extant project now complete 	Impact = 3 Likelihood = 2 Score = 6 Moderate	<ul style="list-style-type: none"> PMO Manual to go into consultation July 19. Review of the PMO in the context of business need – including Job Descriptions to present options for ways forward to SLT November 2019 Further development of quarterly reporting. Carrying out Projects health checks with PMs New Portfolio Change Board due to meet in November 2019 Recruitment of Major Capital Projects Manager for Estates Strategy Projects 	April 2020	DCFO

Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
<p>12 Uncertainty about the UK's exit from the EU and it's short term impacts</p>	<ul style="list-style-type: none"> • Economic shock and impact on funding • Supply chain problems • Disruption around ports and port access routes • Civil unrest • Increased risk to vulnerable groups 	<ul style="list-style-type: none"> • Strategic & Tactical Coordinating Groups established and ESFRS decision log and concept of operations in place • Multi-agency table top exercise and risk review process established. • Engaged with Sussex Resilience Forum which is leading local multi-agency planning • Brexit Gold Group established then suspended following delay to exit timetable • Existing Business Continuity plans have been reviewed • Linking with work being carried out nationally through NFCC • Risk / impact assessment • Equality impact assessment prepared • Staff awareness and communications plan in place • Key staff training and workshops completed and necessary actions included within risk assessment • Member and Corporate briefing completed • 	<p>Impact = 2 Likelihood = 4</p> <p>Score = 8 Moderate</p>	<ul style="list-style-type: none"> • Gold Group to continue to meet reviewing the readiness of the Service 	<p>January 2020</p>	<p>ACFO</p>
<p>13 Collaboration</p>	<ul style="list-style-type: none"> • Collaboration fails to deliver desired outcomes • Resources required to support collaborative activities not justified by improvements in efficiency and / or effectiveness 	<ul style="list-style-type: none"> • Collaboration Framework agreed and in place • Priorities agreed for 2018-21 • Regular tracking of collaboration activities through business performance system • Governance in place e.g. 4F and Integrated Transport Function (ITF) • Legal advice on formal collaboration agreements 	<p>Impact = 3 Likelihood = 2</p> <p>Score = 6 Moderate</p>	<ul style="list-style-type: none"> • Regular review of collaborative activities through SLT and S&A Panel 	<p>January 2020</p>	<p>AD HR&OD</p>

Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
14 Security and safety of staff and visitors on ESFRS sites	<ul style="list-style-type: none"> • Damage to buildings and assets • Injury to Personnel • Service Delivery: Unable to deliver training and requalify personnel if interruption continues • Industrialisation of areas surrounding ESFRS premises perpetually halting operational practice on sites. 	<ul style="list-style-type: none"> • Safety Measures implemented in affected areas of Service Training Centre (STC) when burning i.e. PPE, Cordons. • The use of Community Order prohibiting protagonist from attending Authority premises • Increased safety officers • Temporarily ceased some lay flat testing to Air Quality Testing • Independent Air Quality Testing Report 	<p>Impact =3 Likelihood = 3</p> <p>Score = 9 Moderate</p>	<ul style="list-style-type: none"> • Meeting with Traveller Rep, ESCC Rep and Sussex Police to discuss concerns. • Review of whole site security in conjunction with Estates. • Traveller Community Engagement, education and information around work and function of STC. • Project long term review of live fire training facilities • Business case being developed for a clean burn strategy • Proposal to Estates Strategy Delivery Board for improved security at STC 	January 2020	AD Training & Assurance

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EAST SUSSEX FIRE AUTHORITY

Meeting Scrutiny & Audit Panel

Date 31 October 2019

Title of Report 2019/20 1st & 2nd Quarter Performance Results

By Liz Ridley, Assistant Director – Planning & Improvement

Lead Officer Sharon Milner, Planning & Intelligence Manager

Lead Member Cllr John Barnes

Background Papers None

Appendices Appendix 1 – Quarter 1 and 2 report

Implications

CORPORATE RISK		LEGAL	
ENVIRONMENTAL		POLICY	
FINANCIAL		POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	

PURPOSE OF REPORT To present the first and second quarter and provisional year end results for 2019/20.

EXECUTIVE SUMMARY This report provides the Scrutiny & Audit Panel with a summary of Service performance information for the 1st and 2nd quarters of 2019/20. The report contains information against 21 indicators. Twelve of the 21 indicators are showing an improvement in performance against the same quarter in the previous year and nine are showing a decline.

RECOMMENDATION The Scrutiny & Audit Panel is asked to:

- i. consider the performance results and progress towards achieving the Service’s purpose and commitments as contained in Appendix 1; and
- ii. consider the performance results and remedial actions that have been taken to address areas of under performance in the Fire Authority’s priority areas.

1 INTRODUCTION

- 1.1 This report contains the quarter 1 and 2 performance indicator results for 21 performance indicators for 2019/20, compared with the results for the same period in 2018/19. This report includes an additional indicator (7a) to report the number of business safety audits that have been completed by crews. This total will be combined with that of priority area number 7 inspections of high risk premises, which are the more specialist audits undertaken by the Business Safety teams. Safer Communities have committed to a combined target of over 750 station and high risk audits completed during 2019/20.
- 1.3 This report contains information for quarter one and two for the current and previous year, along with the year end results for 2018/19 and the projected year end result for 2019/20. The direction of travel column is comparing our performance in quarter 2 in the current year against the previous one.

2 MAIN ISSUES

- 2.1 Twelve of the 21 indicators are showing an improvement in performance against the same quarter in the previous year and nine are showing a decline.
- 2.2 Of those reporting a decline in performance; six indicators are reporting at least a 10% decline in performance against quarter 2 2018/19. These are:
- (i) The number of fires in commercial premises
 - (ii) The number of inspections of high risk premises
 - (iii) The number of attendees at business safety engagement events
 - (iv) The number of shifts lost due to sickness per employee
 - (v) The number of RIDDOR incidents
 - (vi) The number of workplace reported accidents / injuries

3 PERFORMANCE PRIORITY AREAS

- 3.1 The Fire Authority priorities for 2019/20 as agreed by the Scrutiny & Audit Panel on 5 June 2019 remain unchanged as below:
- 1. Reducing accidental dwelling fires
 - 2. Confining the fire to the room of origin
 - 3. Reducing attendance at false alarm calls
 - 4. Increasing the number of home safety visits to vulnerable members of our community
 - 5. Reducing sickness

6. Increasing inspections in high risk premises and station based business audits
7. Numbers of home safety visits

3.2 This report provides a summary of work undertaken against the priority areas, where relevant.

3.3 **Reducing accidental dwelling fires**

3.3.1 The projected year end result in accidental dwelling fires (ADFs) shows an improvement in performance in this area with 409 against 508 in the previous year, and a decrease in quarter 2 versus the same period last year of 35. The ADF working group continues to proactively engage with our communities. The group review spikes in performance and undertake post incident serious case reviews.

3.3.2 The communications lead is working on a targeted, segmented, integrated social marketing campaign to reduce ADFs, which will be used to target the most vulnerable MOSAIC groups and will lead to the launch of a “Look While You Cook” themed campaign on the run up to Christmas. In the meantime, real-life case studies are being developed to raise awareness around fires within the home in a bid to communicate relevant safety messages to reduce ADFs. A tailored press release to raise awareness around a safety warning of hidden fire risks when using commonly-used emollients was developed after a recent fatal fire review meeting. The press release was picked up by mainstream media, which is hoped will contribute to reducing ADFs service wide. The communications team have also been busy promoting hoarding awareness and highlighting the positive work of operational crews and partnership working in a bid to reduce accidental dwelling fires within the home.

3.4 **Increasing the percentage of home safety visits that we complete with the more vulnerable members of our community**

3.4.1 We delivered 92.0% of our home safety visits to vulnerable people within our community by the end of quarter 2 2019/20, this is an increase against the previous year (90.0%)

3.5 **Reducing the number of absences of our employees due to sickness.**

3.5.1 There were 2.3 shifts lost due to sickness in quarter 2 of this year, this is an increase against the previous year of 1.9 shifts lost. This gives a projected year end result of 9.0 which is slightly higher than the 8.8 shifts lost by the end of 2018/19.

3.5.2 Long term sickness remains the biggest contributor to overall sickness figures with 1.4 of the 2.3 shifts lost per person; and we are progressing a number of cases in order to reduce the overall total. Figures 1, 2 and 3 contain information on whole-time, Sussex control centre and support staff sickness split into long term, medium term and short term sickness respectively by quarter for the previous three rolling years.

Figure 1 – Whole-time Sickness

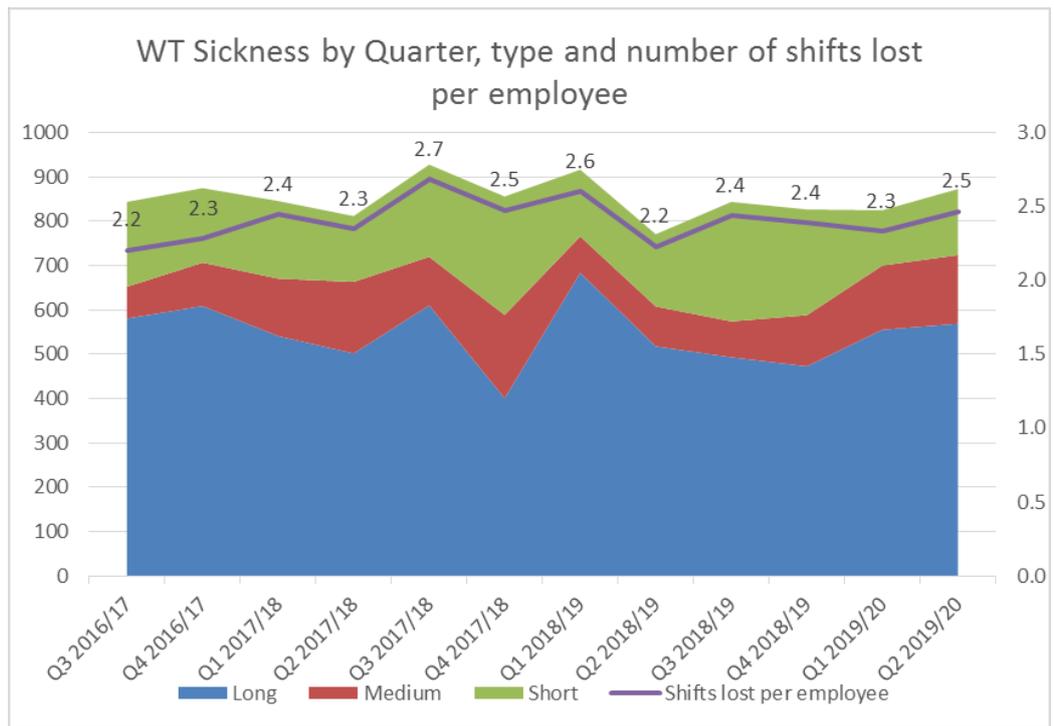


Figure 2 – Sussex Control Centre Sickness

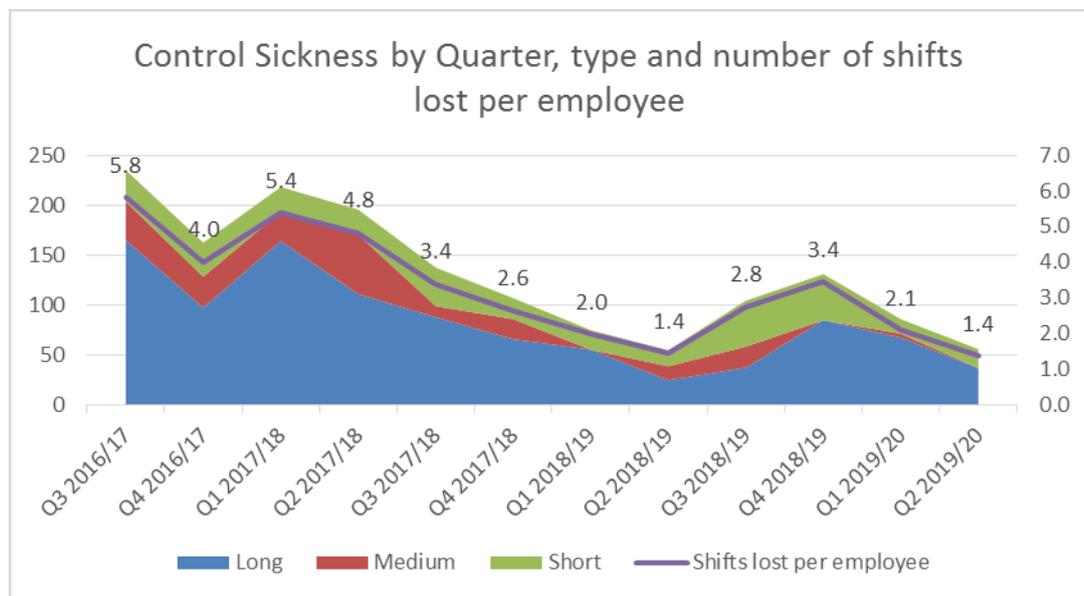
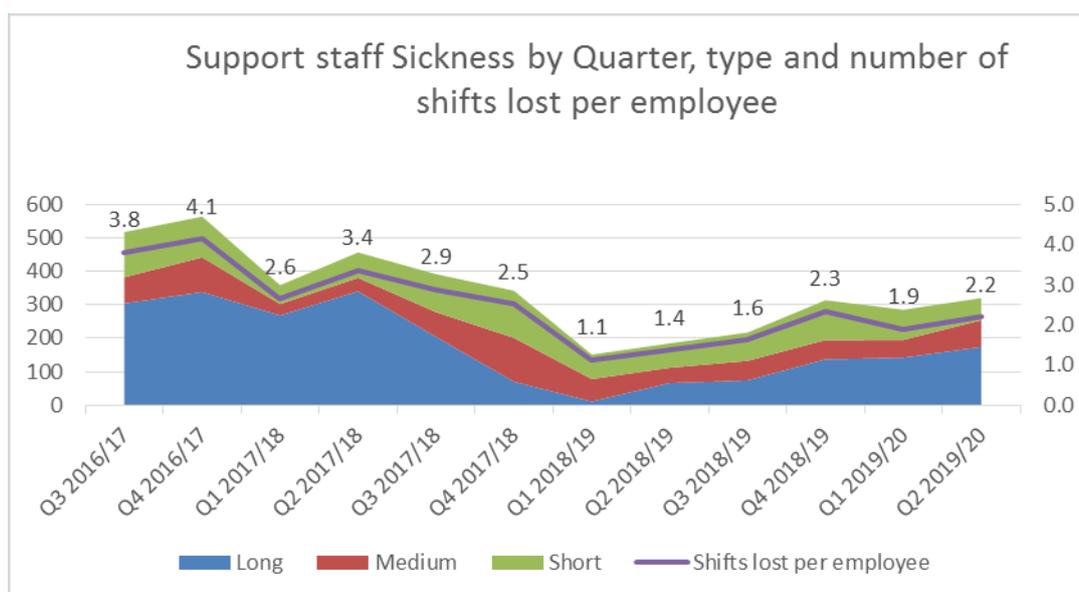


Figure 3 – Support Staff Sickness



3.5 Reducing false alarm calls from the base year 2009/10

3.5.1 In quarter 2 2019/20 we attended 34.7% fewer false alarm calls than the base year. The demand management review is assessing the types of calls that we currently attend and will shortly be providing recommendations to address attendance at a number of these call types.

3.6 Percentage of accidental fires confined to the room origin.

3.6.1 95.0% of ADFs were confined to room of origin at the end of quarter 2 2019/20, an improvement in performance against the same quarter in the previous year when the result was 91.9%.

3.7 Inspections of high risk premises and business safety audits completed

3.7.1 There is a decrease of high risk audits completed in quarter 2 against the same quarter in the previous year with 111 audits being completed against 165 in the previous year. The projected year end result is 454.

3.7.2 Operational crews are now completing business safety audits and 79 have been completed in quarter 2. The year-end projection of is 349, so the combined total of this and the high risk inspections by the specialist business safety teams gives a year end result of 803, which comfortably exceeds the 750 target that has been set for 2019/20.

3.8 Numbers of Home Safety Visits completed

3.8.1 In the second quarter of 2019/20, 2,367 home safety visits were completed and closed down on the system. Home safety visits have been set as a priority across the Service and the projected year end result is currently 9,907. There are discussions taking place as to the achievability of the target due to there being a no lone working policy in place and an increasing number of complex visits. As the

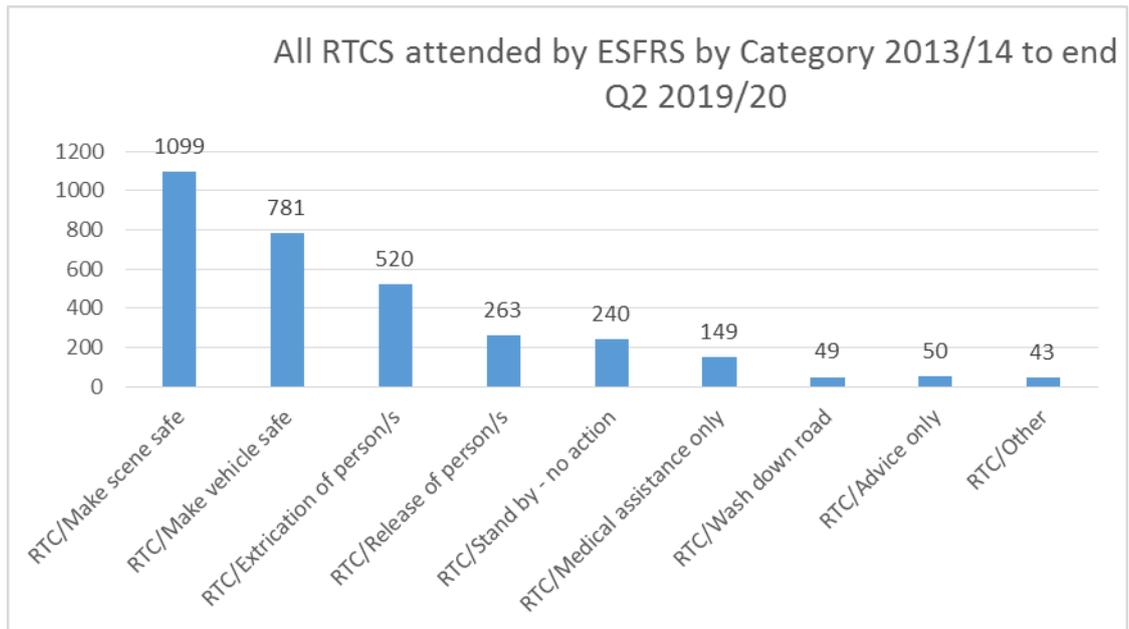
targeting of HSVs has become more sophisticated with data sharing agreements in place and the GP referral scheme, the visits are becoming more time-consuming but worthwhile as the most vulnerable in our communities are being targeted.

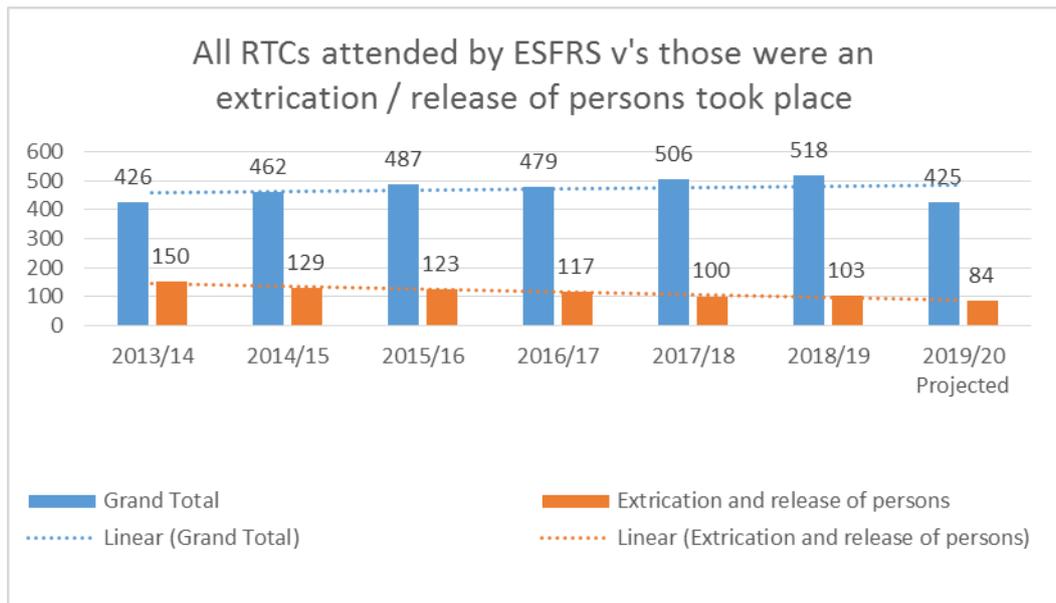
4 ROAD TRAFFIC COLLISION DATA

4.1 The following section contains information from the Sussex Safer Roads Partnership (SSRP) and internal data. The data from the SSRP is reported a year behind so the figures are for 2017/18 only and will be updated annually. ESFRS attend approximately 20% of RTCs attended by Sussex Police. Sussex Police only report RTCs where a casualty is involved whereas ESFRS RTCs include ‘Making the scene safe’ and ‘Making the vehicle safe’ for example. As can be seen from the table there is a drop in the total number of RTCs across East Sussex as attended by Sussex Police, but an increase in those attended by ESFRS, although the projected result for 2019/20 is the lowest level reported at 425

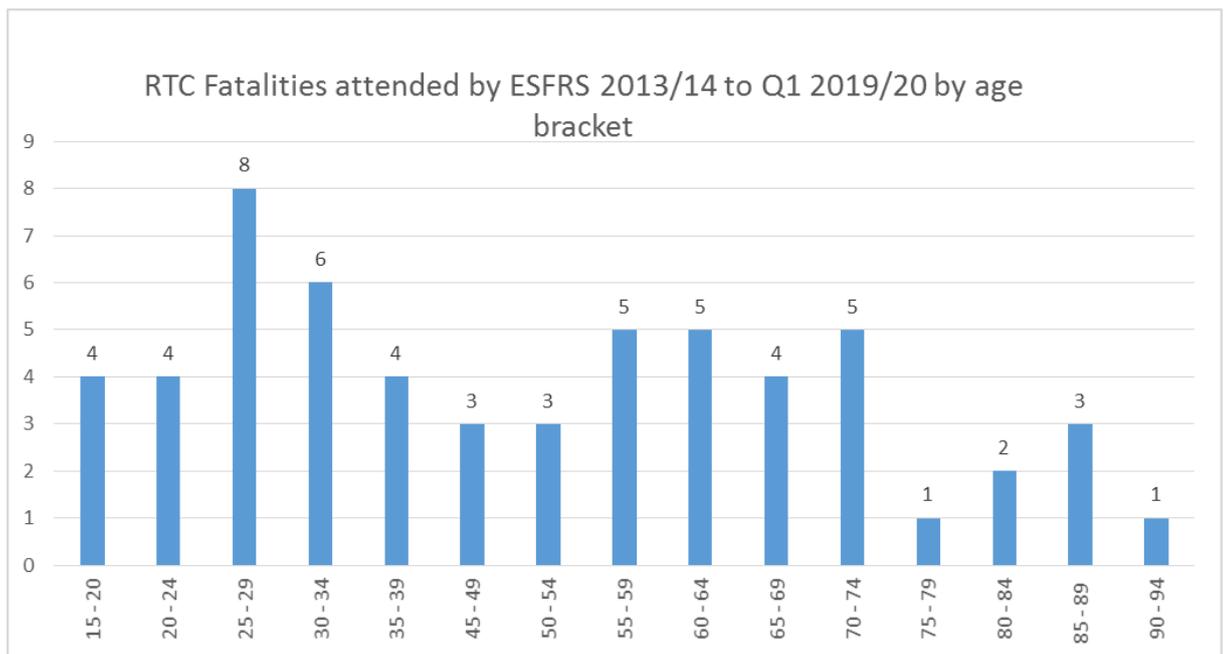
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20 Projected
RTC ESFRS total attended	426	462	487	479	506	518	425
East Sussex All RTCs	2740	3027	3013	2823	2528	N/a	N/a
% of RTCs attended by ESFRS	16%	15%	16%	17%	20%		

4.2 The graph below shows the number of RTCs attended over a six year period by type to end of quarter 2 2019/20. The largest category ESFRS is called to is making the scene safe. The total number where we have extricated and or released people is 783 over six years.





4.4 The following chart shows the age range of the fatalities in RTCs attended by ESFRS over the six year period to the end of Q2 2019/20. If it was not possible for the crews to provide an age, then these have been removed from the data set.



4.5 ESFRS undertakes a range of preventative activities across the area, based on the road risk, both collaboratively through road safety partnerships (Wealden and Rother) and through single agency activities. The ESFRS thematic Road Safety Action Plan identifies the road risks through location and road user type, and identifies the tactics available to staff and volunteers that are available through the ESFRS initiatives library, as well as through the Sussex Road Safety Partnership (SSRP). Road Safety prevention is overseen by our Road Safety co-ordinator based in the Central Community Safety Team who is also the subject lead on the SSRP Programme Delivery Groups. Deliver an agreed Communication and engagement programme aimed at increasing road safety, working with the Sussex Safer Roads Partnership (SSRP). Work with partner agencies included the following campaigns:-

- UN Global Safety Week- During this week, we supported the campaign using social media. The communications lead sourced road safety videos from around the world and used Twitter/Facebook to promote these.
- TISPOL- Project Edward- We supported this campaign via social media only with Principal Officers making a pledge for Project Edward.
- We have supported the SSRP throughout the year supporting various campaigns via social media. In particular, supporting Don't Drink and Drive campaigns during major events (i.e. World Cup/Christmas etc.)
- Tyre Safe- We have been running and promoting Tyre Safe events in Eastbourne/Hastings and raising awareness of tyre safety throughout the month.
- BRAKE Road Safety Week- This was supported via social media.
- Close Pass- Working closely with SSRP, Brighton & Hove Buses and Sussex Police, we have run two events in Eastbourne and Brighton this year which have been a success.
- Safe Drive, Stay Alive- Working with Susan Taylor to run/promote the events across East Sussex.

5 EQUALITIES IMPLICATIONS

- 5.1 This report is for information purposes only, so there are no equality implications arising from this report.



East Sussex **Fire & Rescue Service**

East Sussex Fire & Rescue Performance Results Quarter 1 and 2 2019/20

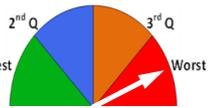
OCTOBER 2019

Our Purpose

We make our communities safer

We will do this by:

Commitment 1: Delivering high performing services

Indicator No.	How will we measure performance?	2018/19 Q1 result	2018/19 Q2 result	2018/19 Year end result	National Quartile Position 2017/18	2019/20 Q1 result	2019/20 Q2 result	Projected end of year result 2019/20	Direction of travel from Q2 2018/19 result
8	Total number of incidents attended	2,324	2,639	9,384		2,439	2,788	10,425	Declined
9	Number of deaths in primary fires	0	3	4		1	0	2	Improved
10	Number of injuries in primary fires	9	13	39		6	4	20	Improved
1 Priority	No of accidental dwelling fires	121	135	508		105	100	409	Improved
11	Number of primary fires	278	333	1,180		269	264	1,063	Improved
12	Number of deliberate fires	157	227	700		254	225	955	Improved
13	No of Industrial and Commercial fires	42	33	189		36	43	158	Declined
14	70% of the first arriving appliances at any incident from an 'On-Station response' within 10 minutes	76.3%	72.6%	74.8%	This is an ESFRS indicator only, no National data is available for comparison	75.6%	77.4%	76.5%	Improved
15	70% of the first arriving appliances at any incident from an 'On-Call response' within 15 minutes	74.2%	72.6%	74.1%	This is an ESFRS indicator only, no National data is available for comparison	75.4%	75.8%	75.7%	Improved

We make our communities safer

We will do this by:

Commitment 2: Educating our communities

Indicator No.	How will we measure performance?	2018/19 Q1 result	2018/19 Q2 result	2018/19 Year end result	National Quartile Position 2017/18	2019/20 Q1 result	2019/20 Q2 result	Projected end of year result 2019/20	Direction of travel from 2018/19 result
2 Priority	% of Home Safety Visits to vulnerable people	91.2%	90.0%	91.2%	This is an ESFRS indicator only, no National data is available for comparison	92.5%	92.0%	92.3%	Improved
6 Priority	Undertake 12,000 Home Safety Visits	2,539	2,460	11,082		2,543	2,424	9,907	Declined
7 Priority	Inspections of high risk premises completed	111	165	581		115	113	454	Declined
7a Priority	Business safety audits completed by Station crews	N/a	N/a	111	This is an ESFRS indicator only, no National data is available for comparison	96	79	349	Improved
18	Number of business safety engagement events	4	3	18	This is an ESFRS indicator only, no National data is available for comparison	3	7	20	Improved
19	Number of attendees at business safety engagement events	70	160	530	This is an ESFRS indicator only, no National data is available for comparison	122	111	465	Declined

We make our communities safer

We will do this by:

Commitment 3: Developing a multi-skilled, safe and valued workforce

Indicator No.	How will we measure performance?	2018/19 Q1 result	2018/19 Q2 result	2018/19 Year end result	National Quartile Position 2017/18	2019/20 Q1 result	2019/20 Q2 result	Projected end of year result 2019/20	Direction of travel from 2018/19 result
3 Priority	The number of working days/shifts lost due to sickness not to exceed 7.5 per employee	2.2	1.9	8.8	This is an ESFRS indicator only, no National data is available for comparison	2.2	2.3	9.0	Declined
20	Number of RIDDOR incidents	0	3	10		2	4	12	Declined
21	Number of workplace reported accidents / injuries	69	64	248		52	72	248	Declined

We make our communities safer

We will do this by:

Commitment 4: Making effective use of our resources

Indicator No.	How will we measure performance?	2018/19 Q1 result	2018/19 Q2 result	2018/19 Year end result	National Quartile Position 2017/18	2019/20 Q1 result	2019/20 Q2 result	Projected end of year result 2019/20	Direction of travel from 2017/18 result
4 Priority	A 32% reduction of automatic fire alarms (AFA) from the base year result of 2009/10	-31.4%	-39.9%	-35.5%	This is an ESFRS indicator only, no National data is available for comparison	-31.4%	-34.7%	-32.7%	Declined
22	% of AFA mobilised calls to properties covered by the RRO that were classified as a primary fire	1.4%	2.2%	1.1%	This is an ESFRS indicator only, no National data is available for comparison	2.4%	1.4%	1.8%	Improved
5 Priority	% of accidental dwelling fires confined to room of origin	86.0%	91.9%	90.7%	This is an ESFRS indicator only, no National data is available for comparison	95.2%	95.0%	95.1%	Improved

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EAST SUSSEX FIRE AUTHORITY

Meeting Scrutiny & Audit Panel

Date 31 October 2019

Title of Report Annual Audit Letter 2018/19

By Duncan Savage, Assistant Director Resources / Treasurer

Lead Officer Duncan Savage, Assistant Director Resources / Treasurer

Background Papers Scrutiny & Audit Panel 25 July 2019 - 2018/19 External Auditor's Results Report and Statement of Accounts

Appendices 1. Annual Audit Letter 2018/19

Implications

CORPORATE RISK		LEGAL	✓
ENVIRONMENTAL		POLICY	
FINANCIAL	✓	POLITICAL	✓
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	

PURPOSE OF REPORT To consider and approve, on behalf of the Fire Authority, the Annual Audit Letter 2018/19.

EXECUTIVE SUMMARY The Authority's external auditor, Ernst & Young, has recently published the Annual Audit Letter 2018/19 relating to East Sussex Fire Authority which is attached as Appendix 1 to this report.

The Letter summarises the external auditor's work relating to 2018/19 the majority of which has already been reported to this Panel in the Audit Results Report for 2018/19.

The Letter will be published on the Authority's website.

RECOMMENDATION The Panel is asked to consider and approve, on behalf of the Fire Authority, the recently published Annual Audit Letter 2018/19

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East Sussex Fire Authority

Annual Audit Letter for the year
ended 31 March 2019

August 2019

Page 41

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

Building a better
working world

Appendix 1

Contents

01

Executive
Summary



03

Financial Statement
Audit



05

Other Reporting
Issues



02

Purpose and
Responsibilities



04

Value for
Money



06

Focused on your
future



Page 42

Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA set out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities and Terms of Appointment. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary

Executive Summary

We are required to issue an annual audit letter to East Sussex Fire Authority (the Authority) following completion of our audit procedures for the year ended 31 March 2019. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Authority's:	Unqualified – the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended.
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the annual accounts.
Concluding on the Authority's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Page 14

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of annual governance statement	The annual governance statement was consistent with our understanding of the Authority.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Authority, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Authority's Whole of Government Accounts return (WGA).	The Authority is below the specified audit threshold of £500mn. Therefore, we were not required to perform any audit procedures on the consolidation pack.



Executive Summary

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.	Our audit results report was issued on 11 July 2019 and presented to the Scrutiny and Audit Panel meeting on 25 July 2019.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 2 August 2019

We would like to take this opportunity to thank the Authority's staff for their assistance during the course of our work.

Page 45

Helen Thompson

Associate Partner

For and on behalf of Ernst & Young LLP



02 Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Authority.

We have already reported the detailed findings from our audit work in our 2018/19 Audit Results Report to the Scrutiny and Audit Panel on 25 July 2019, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Authority.

Responsibilities of the Appointed Auditor

Our 2018/19 audit work has been undertaken in accordance with the Audit Plan that we presented to the 31 January 2019 Scrutiny and Audit Panel meeting and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

Expressing an opinion:

- ▶ On the 2018/19 financial statements; and
- ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Authority has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Authority;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Authority, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Authority is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Authority

The Authority is responsible for preparing and publishing its statement of accounts accompanied by an annual governance statement (AGS). In the AGS, the Authority reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

Financial Statement Audit

Key Issues

The Authority's Statement of Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Authority's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 2 August 2019.

Our detailed findings were reported to the Scrutiny and Audit Panel on 25 July 2019.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Misstatements due to fraud or error</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our assessment of risk led us to create a series of criteria for the testing of journals, focusing specifically on areas that could be open to management manipulation. We also focused specifically on capitalisation of assets as a potential area of manipulation, which is recorded as a separately identified significant risk - Inappropriate capitalisation of revenue expenditure.</p> <p>We identified the key fraud risks at the planning stage of the audit and considered the effectiveness of management's controls that are designed to address the risk of fraud. We updated our understanding of the risks of fraud and the controls put in place to address them and made enquiries of Internal Audit, management and those charged with governance to support our understanding.</p> <p>Our approach focused on:</p> <ul style="list-style-type: none"> ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. ▶ Assessing accounting estimates for evidence of management bias. ▶ Evaluating the business rationale for significant unusual transactions. <p>We did not identify any evidence of material management override; or any instances of inappropriate judgements being applied or other management bias either in relation to accounting estimates or other balances and transactions.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
<p>Inappropriate capitalisation of revenue expenditure</p> <p>Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We assessed the risk was most likely to occur through the inappropriate capitalisation of revenue expenditure, as there is an incentive to reduce expenditure which is funded from Council Tax.</p>	<p>We focused on whether expenditure was properly capitalised in its initial recognition, or whether subsequent expenditure on an asset enhances the asset or extends its useful life.</p> <p>Our approach focused on:</p> <ul style="list-style-type: none"> ▶ selecting a sample of PPE additions to test and confirm the item was appropriate to capitalise through agreement to evidence such as invoices and capital expenditure authorisations. ▶ performing journals testing, where we challenged entries that could be indicative of inappropriate capitalisation, such as journals which reclassify transactions originally recorded as revenue expenditure to capital. <p>Our sample testing of additions to property, plant and equipment found that they had been correctly classified as capital and included at the correct value; and did not identify any revenue items that were incorrectly classified.</p> <p>Our data analytical procedures did not identify any journal entries that incorrectly moved expenditure into capital codes.</p>

Page 50

Other Key Findings	Conclusion
<p>Valuation of Land and Buildings</p> <p>The fair value of Land and Buildings in Property, Plant and Equipment (PPE) represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<p>Our work:</p> <ul style="list-style-type: none"> • Considered the work performed by the Authority's valuers (Fludes Commercial), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work. • Sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre). • Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the 2018/19 Local Authority Accounting Code of Practice. We also considered if there are any specific changes to assets that have occurred and that these had been communicated to the valuer. • Reviewed assets not subject to valuation in 2018/19 to confirm that the remaining asset base was not materially misstated. • Considered changes to useful economic lives as a result of the most recent valuation. • Tested to confirm that accounting entries have been correctly processed in the financial statements. <p>We were satisfied that asset valuations were correctly reflected in the financial statements and based on accurate supporting information.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Other Key Findings	Conclusion
<p>Pension Liability Valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by East Sussex County Council and the Firefighters' Pension Scheme.</p> <p>The Authority's pension fund liabilities are material estimated balances and the Code requires that these liabilities be disclosed on the Authority's balance sheet. At 31 March 2018 this totalled £423 million. The information disclosed is based on the IAS 19 reports issued to the Authority by the actuaries to the two pension schemes.</p> <p>Accounting for these schemes involves significant estimation and judgement and therefore management engages actuaries to undertake the calculations on its behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>Our work was as follows:</p> <ul style="list-style-type: none"> ▶ We liaised with the auditors of East Sussex Pension Fund to obtain assurances over the information supplied to the actuary in relation to East Sussex Fire Authority. ▶ We assessed the work of the LGPS Pension Fund actuary (Hymans Robertson) and the Firefighters pension actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team. ▶ We reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19. <p>A national issue resulted in a relatively late change to the accounts and IAS19 liability disclosure. It relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling. The Authority re-engaged the actuary to produce an updated IAS 19 valuation to consider the impact of the McCloud ruling, which was reflected in the final version of the financial statements.</p> <p>We were satisfied that the re-assessment of the IAS 19 liability was reasonable and was correctly reflected in the revised financial statements.</p>
<p>IFRS 9 financial instruments</p> <p>This new accounting standard was applicable for local authority accounts from the 2018/19 financial year and changed:</p> <ul style="list-style-type: none"> ▶ How financial assets are classified and measured; ▶ How the impairment of financial assets are calculated; and ▶ The disclosure requirements for financial assets. 	<p>We :</p> <ul style="list-style-type: none"> • Assessed the Authority's implementation arrangements; and considered the classification and valuation of financial instrument assets. • Reviewed the new expected credit loss model impairment calculations for assets. • Ensure additional disclosure requirements were included. <p>We concluded that IFRS 9 financial instruments had been applied correctly.</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Other Key Findings	Conclusion
<p data-bbox="91 331 645 357">IFRS 15 Revenue from contracts with customers</p> <p data-bbox="91 389 891 533">This new accounting standard is applicable for local authority accounts from the 2018/19 financial year. The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <p data-bbox="91 564 922 702">The impact on local authority accounting was likely to be limited as large revenue streams like council tax, non domestic rates and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.</p>	<p data-bbox="922 389 2145 446">We assessed the Authority's implementation arrangements; and considered the application to the Authority's revenue streams. We identified that there were no material income streams that are affected by IFRS 15</p>

Page 52

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p data-bbox="510 903 2145 960">We determined planning materiality to be £1.0391m (2018: £1.05m), which is 2% of gross expenditure on provision of services reported in the accounts of £51.98 million.</p> <p data-bbox="510 976 2145 1034">We consider gross expenditure on provision of services to be one of the principal considerations for stakeholders in assessing the financial performance of the Authority.</p> <p data-bbox="510 1050 2145 1088">We determined planning materiality for the Firefighters' pension fund to be £231,000 (2018: £222,000).</p>
Reporting threshold	<p data-bbox="510 1094 2145 1152">We agreed with the Scrutiny and Audit Panel that we would report to the Panel all audit differences in excess of £52,000 for the main financial statements and £11,500 for the Firefighters' Pension Fund.</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits. We audit these fully given their inherent sensitive nature.
- ▶ Related party transactions. We consider any related parties in terms of the underlying relationship and potential influence, and not simply the overall values disclosed.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations. There were no uncorrected misstatements reported.

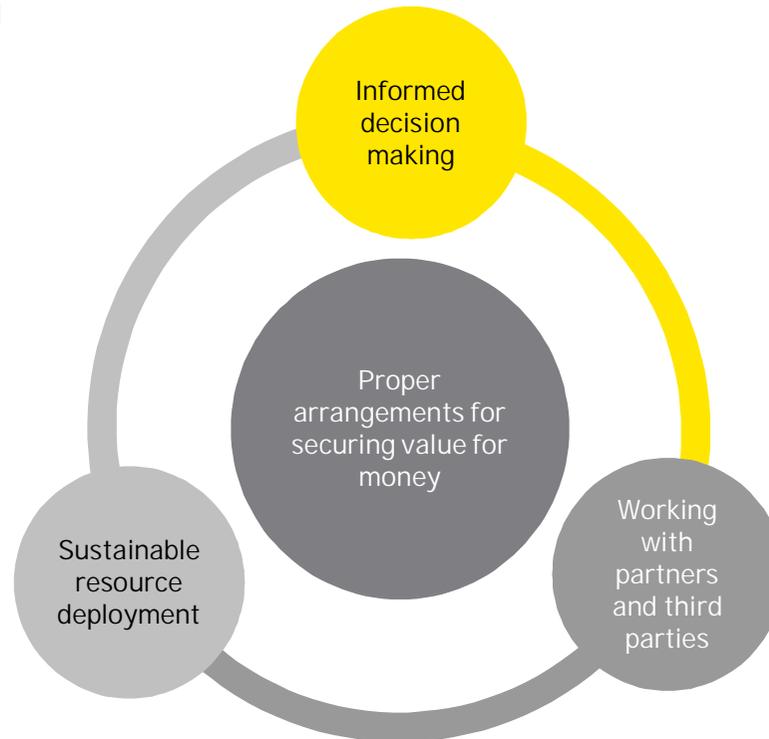


04 Value for Money

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.



We did not identify any significant risks in relation to these criteria.

We did not identify any significant weaknesses in the Authority's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 2 August 2019.



05

Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

The Authority is below the specified audit threshold of £500 million. Therefore, we were not required to perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2018/19 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.



Other Reporting Issues (cont'd)

Independence

We communicated our assessment of independence in our audit results report to the Scrutiny and Audit Panel on 25 July 2019. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit. We have adopted a fully substantive audit approach and did not test the operation of controls.



06 Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Authority is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2020/21 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2020/21 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2020/21 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, it is clear that the Authority will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Authority must therefore ensure that all lease arrangements are fully documented.</p>
IASB Conceptual Framework	<p>The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework) will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>This introduces;</p> <ul style="list-style-type: none"> - new definitions of assets, liabilities, income and expenses - updates for the inclusion of the recognition process and criteria and new provisions on derecognition - enhanced guidance on accounting measurement bases - enhanced objectives for financial reporting and the qualitative aspects of financial information. <p>The conceptual frameworks is not in itself an accounting standard and as such it cannot be used to override or disapply the requirements of any applicable accounting standards.</p> <p>However, an understanding of concepts and principles can be helpful to preparers of local authority financial statements when considering the treatment of transactions or events where standards do not provide specific guidance, or where a choice of accounting policies is available.</p>	<p>It is not anticipated that this change to the Code will have a material impact on Local Authority financial statements.</p> <p>However, authorities will need to undertake a review to determine whether current classifications and accounting remains valid under the revised definitions.</p>

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of the Local Government Act 1972.

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