

## **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, 30 January 2020.**

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

Also present: M O'Brien (Deputy Chief Fire Officer), M Andrews (Assistant Chief Fire Officer), D Savage (Assistant Director Resources/Treasurer), L Ridley (Assistant Director Planning & Improvement), M Matthews (Assistant Director Safer Communities), W Tricker (Finance Manager), H Thompson (Ernst & Young LLP), V Simpson (Senior Lawyer – Corporate Law, Brighton & Hove City Council), Z Hiley (Democratic Services Officer)

### **22        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.

### **23        Apologies for Absence/Substitutions**

There were none.

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

The Chairman notified Members of two urgent items to be taken during the meeting, namely:

1. Public Sector Audit Appointments (PSAA) 'Consultation on scale of audit fees for 2020/21'.
2. 2019/20 Capital Programme Slippage.

### **25        Non-Confidential Minutes of the last Scrutiny & Audit Panel meeting held on 31 October 2019**

**RESOLVED** – That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 31 October 2019 be approved as a correct record and signed by the Chairman. (*Copy in Minute Book*)

### **26        Callover**

Members reserved the following items for debate:

- 27        2019/20 Third Quarter Corporate Risk Register Review

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

- 28 External Audit Update (to include Urgent Item No 1 - PSAA Consultation on scale of audit fees for 2020/21)
- 30 Grenfell Tower Inquiry: Phase 1 Report
- 31 Performance Report for Quarters 1 to 3 2019/20 (to include Urgent Item No 2 - 2019/20 Capital Programme Slippage)

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

**27 2019/20 Third Quarter Corporate Risk Register Review**

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which provided Members with the latest quarterly review (Quarter 3, 2019/20) of Corporate Risk. The report identified the business risks and how they had or were being mitigated, with the updated third quarter position set out under Appendix B. (*Copy in Minute Book*)

Section 2 of the report outlined a number of changes to the Risk Register, namely Refocusing of Risk 8 – Effective Mobilising, the addition of Risk 15 – Workforce Planning, and a proposal to remove Risk 12 – Uncertainty about the UK's exit from the European Union (EU) and its short term impacts.

There was a discussion around Risk 12 and some Members disagreed with the statement under paragraph 2.3.2 of the report that 'Following the recent general election chances of a no deal departure from the EU have greatly decreased...'. Those Members expressed concerns that the risk of a no-deal had not decreased but remained the same and asked that the risks of a no-deal departure, specific to the Authority, should continue to be monitored. Officers welcomed the comments and explained that the wording in the report reflected the decreased risk of civil unrest and the Country's move into a period of extended business negotiations following its exit from the EU. The Panel noted that there was no immediate risk to the Authority and any agreement to the proposal to remove Risk 12 was on the understanding that it would continue to be monitored by the Assistant Chief Fire Officer.

**RESOLVED** – That the Panel:

- a) Noted the Quarter 3, 2019/20 Corporate Risk Register including changes made since Quarter 2;
- b) Agreed the proposed removal of Risk 12 UK exit from the European Union; and
- c) Noted the refocussing of Risk 8 Effective mobilising on service delivery, rather than Project 21.

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**28      External Audit Update**

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which informed Members of the content of the External Audit Plan 2019/20 by Ernst & Young LLP (EY), the Authority's external auditors, as set out in Appendix 1. (*Copy in Minute Book*)

Helen Thompson (EY) drew the Panel's attention to Section 1 of the Plan which set out an overview of EY's audit strategy for 2019/20, highlighting that there were no significant inherent risks identified. EY had recently undergone a recruitment drive and Ms Thompson thanked the ADR/T and the Finance Team for welcoming their new staff member who had joined the audit engagement team.

Discussion moved to the Urgent Item in respect of Public Sector Audit Appointments' (PSAA) 'Consultation on scale of audit fees for 2020/21', which considered the proposed scale of fees for the work to be undertaken by appointed auditors in respect of the 2020/21 financial statements for local bodies that had opted into Public Sector Audit Appointments' national auditor appointment scheme. (*Copy in Minute Book*). The ADR/T had brought the matter before Members as the 6 March 2020 closing date for submitting comments on the consultation was before the Panel's next scheduled meeting. The ADR/T advised the proposal was that the scale fee remained unchanged but that appointed auditors would have early discussions with audited bodies where they believed that national or local risks, or the impact of the new audit code would, in their view, require additional work and thus incur an additional fee. Any additional fee (whether one-off or ongoing) required the approval of PSAA. The ADR/T advised Members he was minded to support the proposals, as in the context of a number of wider reviews of external and public audit that were underway, and noting the impact of various private sector accounting/auditing issues that were affecting the way auditors carried out their work in the public sector, early visibility and discussion of the need for additional work was the most pragmatic way forward for the next year. Ms Thompson reassured Members that EY would work to identify any additional audit work (and the impact on fees) early on to enable open discussions with the Service. EY would ensure regular contact and briefings with the Service on its position. Members concurred that the consultation proposals were a sensible approach in the short term.

**RESOLVED** – That the Panel:

- (i) Approved the External Audit Plan for 2019/20; and
- (ii) Authorised the Assistant Director Resources/Treasurer to respond to the Public Sector Audit Appointments' (PSAA) 'Consultation on scale of audit fees for 2020/21' on behalf of the Scrutiny & Audit Panel in support of PSAA's proposals.

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**29      Procurement Strategy Update**

The Panel received the report of the Assistant Director Resources/Treasurer which updated Members on progress against the Service's Procurement Strategy. The new Procurement Strategy (being delivered via a phased approach, over a 3-year period) was intended to further widen the scope of Procurement within the Service and continue the transition from a tactical/transactional function to strategic leadership. A status report for Phase 1 was included within the Appendix. (*Copy in Minute Book*)

**RESOLVED** – That the Panel noted the contents of the report and did not request any further information.

**30      Grenfell Tower Inquiry: Phase 1 Report**

The Panel considered the report of the Assistant Chief Fire Officer which provided background information to Members on the Grenfell Tower Inquiry (GTI) Phase 1 Report, along with an outline of the corresponding action plan for East Sussex Fire and Rescue to the recommendations within that report. (*Copy in Minute Book*)

Councillor Lambert, the Authority's appointed representative on the Local Government Association (LGA) Fire Commission, provided feedback based on discussions regarding the Inquiry Phase 1 report at the Fire Commission meeting she had attended on 24 January 2020:

- The Fire Commission agreed with the LGA's critique of the phasing of the inquiry (i.e. examining the response to the fire before its causes).
- The Fire Commission strongly advocated the installation of sprinklers and Cllr Lambert urged the Service to continue its work in this area.
- In terms of the Government's proposal to introduce a Fire Safety Bill (and Building Safety Bill) and reform around the system of buildings safety, there was recognition that local authorities would need more investment in building control officers to ensure that buildings are inspected regularly.
- Fire and Rescue Services should be a statutory consultee on planning applications in order for their comments to carry more weight.

Members discussed the feedback from Councillor Lambert. There was agreement with the notion of Fire and Rescue Services being statutory consultees on planning applications, and that the areas of building control and inspection needed more resources and regulation.

The Assistant Chief Fire Officer (ACFO) explained that the Fire and Rescue sector had broadly welcomed the GTI Phase 1 Report. The National Fire Chiefs Council (NFCC) was coordinating the fire national response to the

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Phase 1 Inquiry and part of that process had involved a questionnaire being sent to Fire and Rescue Services to determine what local actions were being taken in response to each of the recommendations. The report to the Panel aimed to reassure Members that officers had considered the recommendations and identified those that were relevant to the Service. The Service's corresponding action plan was detailed and lengthy and would be consolidated into a meaningful document and brought back to the Panel.

Members raised general concerns around the risks of building high rise blocks with one staircase and no alternative means of escape, and also sought assurances that the Service's Incident Command Officers had responsibility to adapt and deviate from pre-determined evacuation strategies (such as the 'stay put' policy). The ACFO explained that since the 1960s it was commonplace to see single staircase high rise concrete blocks. It was noted that the stay put policy was appropriate for those buildings at the time they were designed and built. The ACFO advised that through the Better Homes agenda those buildings were being adapted and only then were they potentially at risk. He explained it was a challenge and at the forefront of the recommendations from the Inquiry. He advised that those identified buildings in East Sussex had site-specific strategies in place. Officers were enabled to adapt the operational approach, using operational discretion. Members were reminded that the Service's 2020-2025 Integrated Risk Management Plan was an important piece of work in terms of prevention and protection implications, alongside the ongoing work by the Assistant Director Safer Communities and his team on home safety visits and working with landlords regarding the installation of sprinklers.

The Panel noted the NFCC's ongoing work to address the Inquiry's Phase 1 findings, and in light of this Members felt it would be prudent to bring to the attention of the Chief Fire Officer the Panel's key observations from their discussions, as follows:

- That Fire and Rescue Services be a statutory consultee on local authority planning applications, particularly for new builds.
- The need for more investment in local authority building control officers; ensuring officers were properly trained, regulated and carried out regular inspections.

**RESOLVED:** That the Panel –

- a) Noted the report;
- b) Directed officers to continue with the East Sussex Fire and Rescue Service Grenfell Action Plan in order to effectively respond to the Grenfell Tower Inquiry: Phase 1 recommendations; and
- c) Requested that the key observations of the Panel, as summarised in the above Minute, be noted by the Chief Fire Officer in the context of

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the National Fire Chiefs Council ongoing work to address the Inquiry's findings.

**31 Performance Report for Quarters 1 to 3 2019/20**

The Panel received the report of the Assistant Director Planning & Improvement (ADP&I) which presented to Members a summary of Service performance information for Quarters 1 to 3 of 2019/20. (*Copy in Minute Book*)

The ADP&I drew Members' attention to the areas of performance showing an improvement against the same quarter in the previous year. The Panel congratulated staff in respect of the reduction in the number of accidental dwelling fires.

In respect of the increase in the total number of incidents attended, Members asked for reassurance that the Service had enough resources in place. The Assistant Chief Fire Officer explained that, amidst the changing profile of incidents (a decrease in fires and an increase in attendance to special service calls) he was confident that the allocation of resources matched the risk. He added that the Operational Response Review - the outcomes of which would be presented to Members at the Extra-ordinary Fire Authority meeting on 23 April 2020 - had given the Service the opportunity to re-assess its operational response plan.

The Panel noted that the ADP&I would be reviewing the Service's performance measures against the new risk framework.

Discussion moved to the urgent item on the 2019/20 Capital Programme Slippage that was being brought to the attention of the Scrutiny & Audit Panel at the request of the Policy & Resources Panel at its meeting on 16 January 2020. The Assistant Director Resources/Treasurer (ADR/T) tabled the report which provided the Panel with additional analysis of the reasons for the level of slippage in the 2019/20 Capital Programme. (*Copy in Minute Book*)

Underspends in the Capital Programme generally comprised of two elements – where projects were delivered under budget and where scheme spend was delayed (slippage).

In respect of the analysis overview, the Panel queried whether there would likely be a delay on the Lewes scheme proposals being finalised by Spring 2020. The ADR/T responded that the Service was working to the timescale set out by officers at Lewes District Council which anticipated bringing the terms of any deal back to Members by late Spring/early Summer 2020. In response to a further query the ADR/T confirmed that the Lewes scheme (a project involving Lewes District Council, Sussex Police, South East Coast Ambulance Service (SECAmb) and East Sussex Fire and Rescue Service) was part of the wider North Street Quarter Project in Lewes.

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

Members were disappointed that the South East Workshop Hub project had stalled after initial proposals with Sussex Police were discounted due to affordability. The ADR/T advised that he had since met with SECAmb and discussions were ongoing regarding the possibility of a joint facility with them.

The Panel noted that the slippage in the Service's Fleet & Equipment scheme was a conscious decision to adjust the scheme to allow service requirements to be reviewed. The Senior Leadership Team had since agreed changes to the Fleet Programme to better reflect the Service's changing needs.

The ADR/T explained that, at £7.7m, the agreed Capital Programme for 2019/20 had been significantly more ambitious than any previously delivered by the Authority. He advised that the amount of preparatory work carried out in the current year to lay the groundwork for the delivery of projects over the next five years was significant. Many projects were either underway or would be ready for delivery through 2020/21.

**RESOLVED** – That the Panel:

1. Considered the performance results and progress towards achieving the Service's purpose and commitments as contained in Appendix A;
2. Considered the performance results and remedial actions that had been taken to address areas of under performance in the Fire Authority's priority areas; and
3. Noted the analysis of the 2019/20 Capital Programme Slippage and the assurances received by the Assistant Director Resources/Treasurer.

## **32 Exclusion of the Press and Public**

**RESOLVED** – That:

- i) Item 33 be exempt under paragraphs 3 and 7 of Part 1 Schedule 12A of the Local Government (Access to Information) (Variation) Order 2006 and accordingly not open for public inspection on the grounds that the report contains:
  - Information relating to the business affairs of the Fire Authority; and
  - Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

## **33 Confidential Minutes of the last Scrutiny & Audit Panel meeting held on 31 October 2019**

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

**RESOLVED** – That the confidential minutes of the meeting of the Scrutiny & Audit Panel held on 31 October 2019 be approved as a correct record and signed by the Chairman. (*Copy in Minute Book*)

The meeting concluded at 11.20 am

Signed

## Chairman

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020