

Scrutiny & Audit Panel

29 April 2021



Membership:

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

You are requested to attend this meeting to be held via Webex
<https://esfrs.webex.com/esfrs/j.php?MTID=e638747601f9221a44934b3c347db398e>
(password zmA27HR2bdW) at 10.00 am

Quorum: 3

Contact:	Ellie Simpkin, Democratic Services Officer 01323 462085, democraticservices@esfrs.org
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Agenda

46. 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

47. Apologies for Absence

48. 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

49. Non-Confidential Minutes of the last Scrutiny & Audit Panel meeting held on 21 January 2021 5 - 10

50. 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

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56.	Assessment of the Corporate Framework and Annual Governance Statement for 2020/21	121 - 170
	Report of the Deputy Chief Fire Officer / Assistant Chief Fire Officer / Deputy Monitoring Officer and Assistant Director Resources/Treasurer	

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

Date of Publication: 21 April 2021

Information for the public

East Sussex Fire and Rescue Service actively welcomes members of the public and the press to attend public sessions of its Fire Authority and Panel meetings.

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SCRUTINY & AUDIT PANEL

Minutes of the meeting of the SCRUTINY & AUDIT PANEL held at via Webex at 10.00 am on Thursday, 21 January 2021.

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

Also present: D Whittaker (Chief Fire Officer & Chief Executive), M O'Brien (Deputy Chief Fire Officer), M Matthews (Assistant Chief Fire Officer), L Woodley (Deputy Monitoring Officer), D Savage (Assistant Direct Resource/Treasurer), L Ridley (Assistant Director Planning & Improvement), N Cusack (Assistant Director Operational Support & Resilience), P Jassal, J Olliver, H Thompson, E Simpkin, A Blanshard

36 Declarations of Interest

There were none

37 Apologies for Absence

There were none

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

The Chairman agreed to allow a discussion on the Public Sector Audit Appointments (PSAA) Consultation, details of which had been shared with Members in advance of the meeting.

39 Non-confidential Minutes of the Scrutiny & Audit Panel held on 12 November 2020

RESOLVED: That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 12 November 2020 be approved as a correct record and signed by the Chairman.

40 Non-Confidential Minutes of the Scrutiny & Audit Panel meeting held on 26 November 2020

RESOLVED: That the non-confidential minutes of the meeting of the Scrutiny & Audit Panel held on 26 November 2020 be approved as a correct record and signed by the Chairman.

41 Callover

Members reserved the following items for debate:

42 2020/21 Third Quarter Corporate Risk Register Review

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

- 43 Annual Audit Letter 2019/20
- 44 Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) – Progress and Update Report
- 45 On Call Pay Review – Internal Audit Report

42 2020/21 Third Quarter Corporate Risk Register Review

The Panel received the report of the Assistant Director Resources/Treasurer (ADR/T) which presented Members with the latest quarterly review of Corporate Risk. The report discussed the third quarter position and detailed the business risks identified and how they had been or were being mitigated. There were no risks proposed for addition or deletion this quarter.

Members asked for some details regarding risks relating to workforce planning and a market supplement for professional service jobs, specifically whether options for further collaboration were being explored. The CFO explained that the collaboration framework was kept updated by the Assistant Director People Services (ADPS). There was a large amount already underway, including collaborations regarding Fleet. ESFRS and West Sussex FRS were employing a joint strategic fleet manager which would provide opportunities to look at key strategic work. ESFRS had also appointed a secondee from London Fire Brigade to provide oversight to work regarding Business Safety. Members expressed an interest in receiving an annual update on collaboration work. The ADPS explained that there were some professional posts across the organisation that had proved to be hard to recruit to, it would only be for those posts that a market supplement would be considered, and even then this would only be after consideration had been given to secondments or collaboration with other organisations including councils and the police.

Members then asked whether Officers knew if Covid-19 vaccinations might be given to frontline staff. The CFO informed the Panel that under the Government's Vaccination criteria, Firefighters were not considered to be key workers and therefore would only become eligible for a vaccination due to their age profile. The CFO had written to the MPs representing the Service area to ask for their support to influence the Government to change this approach, Firefighters were undertaking a lot of close contact work with Covid-19 patients. Despite this lack of vaccinations, the CFO was very satisfied that the Covid-19 working practices that ESFRS had introduced were managing risk where possible. The Deputy Chief Fire Officer (DCFO) added that there was work being conducted on a memorandum of understanding to take unused vaccines, but this would be in very small numbers. Those Fire Fighters who were working to support SECAMB had been vaccinated. The Panel were very surprised that Firefighters were not considered key workers for the purposes of the Government's vaccination programme.

There was a suggestion that the risk regarding the UKs exit from the EU should be split as it was felt that whilst some risks remained, there was a

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

likelihood that some of those risks that had been predicted would not now happen. The DCFO agreed that while it was fair to say that the risk of immediate disruption had dissipated, it was felt sensible to leave it on the register at the current time.

RESOLVED – That the Panel:

- a) noted the Q3 Corporate Risk Register including updates made since Q2; and
- b) did not identify any further information or assurance required from Officers

43 Annual Audit Letter 2019/20

The Panel considered the report of the Assistant Director Resources/Treasurer (ADR/T) which asked Members to consider and approve, on behalf of the Fire Authority, the Annual Audit Letter 2019/20.

The Authority's external auditor, Ernst & Young (EY), had recently published the Annual Audit Letter 2019/20 relating to East Sussex Fire Authority. The Letter summarised the external auditor's work relating to 2019/20 the majority of which had previously been reported to the Panel in the Audit Results Report for 2019/20. The Letter would be published on the Authority's website.

The key matter for the Panel's attention was within section 7 of the report, after the previous discussion regarding scale fees, the ADR/T had met with EY and it was his advice to the Panel that the first proposed variation was too high and should not be approved but that the variation relating to specific costs incurred in the conduct of the audit should be approved. The ADR/T added that whatever decision the Panel took the final consideration and approval would be that of the PSAA in due course. The Panel were informed that the Senior Leadership Team had agreed budget provision to cover the £4,342 in the current year, should the PSAA agree the £27,533 it would create an additional unfunded pressure on the 2020/21 budget.

Members reiterated previous comments to EY that they were very satisfied with their work on the audit of the Authority, however they were very concerned about the scale of the fee variation. There was some discussion about whether the Authority may be in the position to retender the contract for external audit. They ADR/T advised that the contract was collective through the PSAA and it would be very difficult for the Fire Authority to go alone as not many firms would tender for Local Authority work and it would be at a very significant cost. It was a national issue and the sector would work together with the PSAA on a resolution. The ADR/T assured Members that they would work hard to ensure that their views would be made very clear to the PSAA.

RESOLVED – The Panel:

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- i. Approved, on behalf of the Fire Authority, the Annual Audit Letter 2019/20; and
- ii. considered EY's proposed fee variations and agreed to:
 - a. continue negotiations on the fee scale rebasing for £27,533;
 - b. the fee for additional work during the 2019/20 audit of £4,342.

44 Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS)- Progress and update report

The Panel received the report of the Assistant Director Planning & Improvement (ADP&I) which provided Members with an update in the Service's activity in relation to Her Majesty's Inspectorate of Constabularies and Fire & Rescue Services (HMICFRS) inspection process. The report included a summary of progress taken to address the "areas for improvement" identified in the first inspection, the results of the Covid-19 inspection undertaken in November 2020 and provided information regarding preparations for the next inspection in early 2022.

The Chief Fire Officer (CFO) informed the Panel that the Covid-19 inspection had taken place virtually in November and that both the Chairman and the CFO had taken part in the process. A letter, on which the CFO had been given the opportunity to comment, would be sent to the Service and published. The process had been largely positive and assured that ESFRS had performed well operationally, financially and in its regulatory capacity. There had been positive feedback from staff with regard to the Service's approach to staff wellbeing. The Panel were informed that there would also be a collective report on the whole Fire Sector, in which there was a critique of the national response and some services had received criticism.

Members were satisfied with the work that the Services was undertaking to address the points raised in the original inspection and were confident that everything would be in a good state by the next inspection. The CFO confirmed that in order to deliver these improvements the Service had been required to allocate additional resourcing.

RESOLVED – The Panel noted the progress against the areas identified for improvement and the plans for the next inspection process.

45 On Call Pay Review - Internal Audit Report

The Panel received the report of the Deputy Chief Fire Officer (DCFO) informing Members of the matters considered by the Senior Leadership Team (SLT) relating to the Internal Audit Follow-Up Review of Retained Pay. Following a computer systems failure in 2018 pay claims for On Call staff had to be dealt with through an alternative manual process, the Fire Authority requested an independent review of these manual procedures to provide assurance that the correct payments had been made. The audit reported that

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

partial assurance could be provided and made recommendations for management actions to address any areas of weakness.

The Follow-Up Review gave an unchanged partial assurance opinion. A draft management response had been prepared which proposed that no further action or investigation be undertaken, the reasons for which were set out in the report. The DCFO explained that the Assurance & Governance Group had instigated a review of the process by which the implementation of agreed actions from Internal Audit reviews were tracked and monitored. The group were now receiving quarterly monitoring reports in order to identify any delays in or failure to address internal audit recommendations and ensure appropriate action is taken.

Members accepted that this matter involved small sums but wanted to be assured that the Service was confident that the computerised systems were accurate and contained the correct information. The ADPS provided the Panel with assurances that this was being addressed and that there were new measures in place to ensure that it would not happen again. The Panel agreed that the most important matter was to ensure that lessons had been learned rather than pursuing small overpayments at a disproportionate cost.

RESOLVED – The Panel agreed to:

- i. note the Internal Audit Report; and
- ii. approved the proposed management decision that no further action be taken by ESFRS.

The meeting concluded at 11.20 am

Signed

Chairman

Dated this

day of

2021

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EAST SUSSEX FIRE AUTHORITY

Panel Scrutiny & Audit

Date 29 April 2021

Title of Report Redmond Review Working Group Update

By Ellie Simpkin, Democratic Services Officer

Lead Officer Duncan Savage, Assistant Director Resources / Treasurer

Background Papers Scrutiny & Audit Panel 12 November 2020 – Redmond Review Report
Minutes of the Scrutiny & Audit Panel held on 12 November 2020

Appendices None

Implications

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

PURPOSE OF REPORT: To update the Panel on the outcome of the first meeting of Redmond Review Working Group.

EXECUTIVE SUMMARY: At its meeting on 12 November 2020 the Scrutiny & Audit Panel agreed to establish a Member working group to consider the recommendations arising from the Government commissioned independent review into the effectiveness of local audit and the transparency of local financial reporting which had been conducted by Sir Tony Redmond and published in September 2020 (the Redmond Review). The Group would track national developments and advise the Panel on the suggested local response to the Redmond Review report recommendations. Councillors Lambert and Scott agreed to join the Scrutiny & Audit Panel Chairman to form the Working Group.

The Working Group held its first meeting on 10 March 2021. A summary of discussion and actions is provided in this report.

RECOMMENDATION: The Panel is invited to consider the Redmond Review Working Group update and actions listed at paragraph 2.1 of the report.

1. Redmond Review Working Group Meeting – 10 March 2021

- 1.1. On 10 March 2021 the Working Group met with the Assistant Director Resources/Treasurer (ADR/T) and Helen Thompson from EY for an initial discussion on how the Fire Authority should respond to and progress the recommendations arising from the Redmond Review.
- 1.2 The Ministry of Housing, Communities and Local Government (MHCLG) response to recommendations had been circulated to the Group in advance of the meeting and it was noted that external bodies such as Public Sector Audit Appointments (PSAA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) had also published their responses. The Group noted that some recommendations required external action or applied only to relevant bodies and therefore consideration needed to be given to actions which could be taken to pro-actively to address those recommendations which were specifically relevant to the Authority.
- 1.2 The Group noted that EY welcomed the Redmond Review report insofar that it surfaced issues surrounding a disconnect with the market, however, there was disappointment that MHCLG was not going far enough to deal with issues of the fragmented regulation.
- 1.3 Discussion was had over the approach to audits of local authorities which chose to invest in commercial activities and how the valuation of pension and property did not affect the bottom line of public bodies in the same way as it would for the private sector. The ADR/T agreed that there were additional risks around commercial activity in some local authorities which could be dealt with through the current approach whereby the external auditor identified additional risks as part of the audit plan and levied additional fees to reflect the additional audit work required. EY added that regulations did not differentiate between public and private audits, although the implications of such as property values were different; this was an example of the disconnect between regulatory requirements and the market. Members commented that authorities such as ESFRS should be a relatively simple audit and regulations needed to take into account the context.

2. Actions

- 2.1 The Group discussed the following matters arising from the Redmond Review recommendations and agreed on the relevant local actions:

<u>Reporting</u> (Redmond Review Recommendation 4)	<u>Action</u>
Annual report of external auditor was currently submitted to S&A Panel. Reporting to full Fire Authority would be a relatively simple action, however Members questions what this would achieve and were conscious to not 'clutter' the FA agenda. Members agreed that a report should not	<ul style="list-style-type: none"> Recommendation to be added to annual audit report to S&A inviting Panel to consider whether any matters should be referred to full FA.

<p>be made to full FA but that any exceptions or issues of importance should be referred to full FA by S&A Panel on a case-by-case basis.</p>	<ul style="list-style-type: none"> • Terms of Reference of S&A Panel to be reviewed to ensure they are explicit in relation to the ability to refer matters to full FA.
<p><u>Independent Member</u> (Redmond Review Recommendation 4)</p> <p>It was agreed in order for an independent member to be effective it was important that the right member was recruited for the right reasons. Consideration needed to be given to the time/cost of recruitment and payment of an allowance. EY added that in their experience independent members were not common practice.</p>	<p><u>Action</u></p> <ul style="list-style-type: none"> • Skills audit to be carried out with S&A Panel Members post-elections. Revisit whether an independent member would be helpful to fulfil any skills gaps.
<p><u>Meeting with Audit Partner</u> (Redmond Review Recommendation 4)</p> <p>It was noted that regular meetings between the CFO, ADR/T and EY already took place. The Chairman had the ability to meet independently with audit partners without officers present should they feel it necessary.</p>	<p><u>Action</u></p> <p>None required.</p>
<p><u>Training</u></p> <p>The ADR/T highlighted plans to carry out a best practice/skills audit with S&A Panel Members which would identify any training needs</p> <p>Members agreed that it would be helpful to have all Member training on the accounts (as part of a Members' Seminar or a virtual session). EY was happy to input into the session.</p>	<p><u>Action</u></p> <ul style="list-style-type: none"> • A specific induction session for new S&A Panel Members to be held post-elections. • Skills audit of S&A Panel undertaken post-elections to identify any additional training needs. • Consideration to be given to whether training for S&A members could be made compulsory. • All Member training session on accounts to be arranged (with input from EY).
<p><u>Accessibility of Accounts</u></p> <p>It was noted that the format of accounts was a matter for CIPFA. It was agreed that there could be improvements made and there were benefits to presenting the accounts in a way that linked with performance and gave a better picture of the 'health' of the authority. Government/CIPFA action on this matter would be welcomed.</p>	<p><u>Action</u></p> <p>None required at this time.</p>

3. **Next Meeting**

- 3.1 The Group agreed to reconvene after the May elections to receive an update on progress with the above listed actions and continue to track and monitor the response to the Redmond Review recommendations.

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EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting	Scrutiny & Audit Panel
Date	29 April 2021
Title of Report	Consultations on Amendments to Local Audit Fee Setting Arrangements & on Fees Methodology
By	Duncan Savage, Assistant Director Resources / Treasurer
Lead Officer	Duncan Savage, Assistant Director Resources / Treasurer

Background Papers None

- Appendices**
1. Letter from Ministry of Housing, Communities & Local Government (MHCLG) re Consultations on Amendments to Local Audit Fee Setting Arrangements & on Fees Methodology
 2. Open Consultation - Redmond Review response - Changes to the Local Audit (Appointing Person) Regulations 2015
 3. Open Consultation - Redmond Review response - Changes to the audit fees methodology for allocating £15 million to local bodies

Implications

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

PURPOSE OF REPORT To seek the Panels views on the MHCLG consultation on proposed changes to the Local Audit Regulations 2015 and the audit fees methodology.

EXECUTIVE SUMMARY On 20 April 2020 the Authority was notified of a MHCLG consultation exercise on proposed changes to the fee setting and fee variation arrangements set out in the Local Audit (Appointing Person) Regulations 2015 to provide additional flexibility to the appointing person for principal bodies (Public Sector Audit Appointments Ltd) to reflect the changing nature of the local audit market. The consultation document is

attached at appendix 2 and the response deadline is 1 June 2020.

There is also a separate consultation seeking views on the most appropriate methodology for allocating the £15 million announced at Spending Review 2020. The deadline for responses is 18 May 2020. The consultation document is attached at appendix 3.

RECOMMENDATION

The Panel is recommended to consider and comment upon the MHCLG consultation documents on proposed amendments to local audit fee setting and arrangements and fees methodology.



Ministry of Housing,
Communities &
Local Government

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All Local Authority Chief Executives in England,
Police and Crime Commissioners
Chief Constables
Fire and Rescue Authorities
National Parks Authorities

Email: local.audit@communities.gov.uk

www.gov.uk/mhclg

By Email

20 April 2021

Dear Sir/Madam

CONSULTATIONS ON AMENDMENTS TO LOCAL AUDIT FEE SETTING ARRANGEMENTS AND ON FEES METHODOLOGY

I am writing to inform you about the above consultation exercise which runs from **20 April** to **1 June** proposing changes to the fee setting and fee variation arrangements set out in the [Local Audit \(Appointing Person\) Regulations 2015](#) to provide additional flexibility to the appointing person for principal bodies (Public Sector Audit Appointments Ltd) to reflect the changing nature of the local audit market. The arrangements for smaller bodies are covered in separate regulations and are not affected by these proposals.

I would also like to draw your attention to the separate consultation, also starting on **20 April** and running to **18 May**, seeking views on the most appropriate methodology for allocating the £15 million announced at Spending Review 2020. This funding is to support affected local bodies to meet the rise in audit fees and new burdens resulting from the implementation of additional requirements.

Sir Tony Redmond, in his [Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting](#) recommended that the current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements. The Government committed in its [response](#) of 17 December to take swift action to support market stability, and in particular to take action to improve the processes that audit firms need to follow when the cost of their work is greater than that allowed under their contracted fees and also to take steps to clarify what additional work fee variations are being claimed for.

I would be grateful if you could bring these consultation documents to the attention of your chief finance officers and audit committees for their considerations. All responses should be submitted via the following Citizen space links: [Appointing Person](#), [Fees Methodology](#). However if you have any queries about either consultation exercise please submit them to the following email address: localaudit@communities.gov.uk.

Yours sincerely,

Max Soule
Deputy Director
Local Government Stewardship

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Open consultation

Redmond Review response - Changes to the Local Audit (Appointing Person) Regulations 2015

Published 20 April 2021

Contents

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Scope of the consultation

Topic of this consultation: This consultation seeks views on amending the Local Audit (Appointing Person) Regulations 2015.

Scope of this consultation: The Ministry of Housing, Communities and Local Government is consulting on updating the Local Audit (Appointing Person) Regulations 2015.

This includes all eligible principal local government body types listed in schedule 2 of the Local Audit and Accountability Act 2014 including:

- county councils
- district councils
- London borough councils
- unitary authorities
- metropolitan councils
- local police bodies
- fire and rescue authorities
- combined authorities (covering elected regional mayors), national park authorities
- conservation boards
- passenger transport executives

- waste authorities
- functional bodies and other specified bodies

Smaller authorities (such as parish councils) and NHS bodies, including accountable care bodies, are not eligible to opt in.

Geographical scope: The questions in this consultation paper apply to local government bodies in England, as defined above.

Impact assessment: We will produce a full Public Sector Equality Duty (PSED) assessment as the policy proposals develop further following this consultation.

Basic Information

To: This is an open consultation. We particularly seek the views of individual members of the public; prospective and current elected members/representatives; all relevant local government bodies defined above; and those bodies that represent the interests of local authority members/representatives at all levels.

Body/bodies responsible for the consultation: The Local Government Stewardship Division in the Ministry of Housing, Communities and Local Government is responsible for conducting this consultation.

Duration: This consultation will last for 6 weeks from 20 April 2021.

Enquiries: For any enquiries about the consultation please contact: localaudit@communities.gov.uk

How to respond: You can respond to this call for evidence through our online consultation platform, [Citizen Space](#).

Introduction

1. Sir Tony Redmond, in his review of the effectiveness of external audit and transparency of financial reporting in local authorities, recommended that the current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements.
2. To support the implementation of this, the department is providing relevant local government bodies with £15 million in additional funding in 2021/22. This is intended to support affected local bodies to meet the anticipated rise in fees for 2020/21 audits, driven by new requirements on auditors, including the National Audit Office's Code of Audit Practice 2020, and to enable local authorities to develop standardised statements of service information and costs.
3. The Redmond Review considered the current processes that the above regulations require the appointing person for principal authorities (Public Sector Audit Appointments Ltd (PSAA)) to follow, both when setting fees and agreeing changes/variations to those fees to reflect increased work for the auditors. The arrangements for smaller bodies are covered in separate regulations.
4. Sir Tony found that there was an increasing disparity between the scale fees and the amount of work being carried out by auditors, which had led in turn to a large increase in the amount of fee variation requests. Furthermore, the delay in closing a large number of audits of accounts in 2018/19 and 2019/20 had meant that PSAA Ltd were unable to take an informed view on the quantum of the increase that should be included when consulting on the base fee scales for future years.

5. The [government response](#), published on 17 December 2020, made a commitment to take swift action to support market stability and in particular to review regulations to provide the appointing person with greater flexibility to ensure the costs to audit firms of additional work are met and reduce the need for time consuming case by case consideration.

6. This could include enabling the appointing person to allow fee scales to be set later in the financial year to which the audit relates and enabling the appointing person (subject to appropriate consultation) to set additional fees across groupings of audited bodies in-year where there is clear evidence of additional work that affects those groupings.

7. We are also consulting separately over 4 weeks seeking views on the most [appropriate methodology for allocating £15 million to support affected local bodies meet the anticipated rise in audit fees](#), driven by new requirements on auditors including the 2020 Code of Audit Practice, and to enable local authorities to develop standardised statements of service information and costs.

Summary of proposals for consultation

- To amend the date by which the appointing person is required to consult on and set the fee scale from before the start of the financial year to 30 November of the financial year to which the fee scales relate.
- That the appointing person should be able to propose and consult on a standardised additional fee for all or groups of bodies for elements of work based on its own independent research.
- To enable the appointing person to approve additional fee proposals from audit firms for additional elements of work completed during the audit rather than after completion.
- To ensure that the appointing person is able to appoint auditors for the period that it considers to be the most appropriate, up to the maximum length of the appointing period, subject to consultation with the relevant bodies. This includes enabling the appointing person to have audit contracts that are shorter than an appointing period.
- The consultation also seeks any more general comments about proposed changes to these regulations.

Changes to the regulatory deadline by which the scale fees need to be set

1. At present, regulation 16 of the [Local Audit \(Appointing Person\) Regulations 2015](#) requires the appointing person for principal authorities (PSAA Ltd) to specify, before the start of the financial year to which the scale of fees relates, the scale or scales of fees for the audit of the accounts of opted in authorities. This means that, for example, they are setting fees for audit year 2021/22 in March 2021, when the audit of the accounts for that year are not required to be completed until September 2022. By specifying this so far in advance, the appointing person is currently unable to assess how policy and regulatory changes - such as the new National Audit Office (NAO) Code of Audit Practice Value for Money arrangements work for the 2020/21 audit – should be accounted for in the fee scales.

2. As a result, the scale fees have ceased to represent a reliable estimate of the final cost of the audit and, instead, become an interim figure which will almost certainly be overtaken as further information emerges. In practice, this can then force audit firms and local authorities down the fee variation request process to reflect additional costs that should be part of the base fee. The delays in completing accounts in 2018/19 and 2019/20 has compounded this, as it has meant that the

appointing body has been unable to quantify past additional work accurately to be able to calculate the fees in time for the scale fee consultation.

3. The consultation therefore proposes to amend the date by which the appointing person is required to consult on and set the fee scale from before the start of the financial year to 30 November of the financial year to which the fee scales relate. This will enable scale fees to reflect more up to date information. Therefore, for example the 2022/23 scale fees would need to be set by 30 November 2022 rather than by 31 March 2022. The resulting scale fees would be more up-to-date as they would be based on better information, including the results of the 2020/21 audits, the analysis of the additional fees to identify the recurring elements that should be 'baked in' to the 2022/23 scale fees, and the up-to-date research on new audit requirements. The timing would also enable audited bodies to make an informed assessment of the fee for their budget setting process for the following year, drawing on the up-to-date information provided by the appointing person.

4. In developing this proposal, the department has alternatively considered whether it would be preferable to instead introduce a flexibility to amend fee scales 'in-year'. There is a balance to be struck between wanting to have fee scales that, as far as possible, reflect the expected base fees (and therefore reducing the need for fee variations to reflect additional recurring charges) while also giving bodies confidence that audit fees are unlikely to change substantially, unless significant additional work is required. It is considered that the power to amend fee scales 'in-year' would introduce uncertainty for local bodies, and so an extended deadline for setting the fee scales, coupled with amendments to the fee variation process, is preferable.

5. There are also trade-offs in defining the date for a new, extended deadline. To provide the most up-to-date picture, we would want to ensure that the appointing person would be able to take into account any additional costs agreed for the preceding year's audits given that audited accounts should be published by 30 September. But it is also important to ensure that local bodies have sufficient advance notice to account for these costs in their financial planning. For this reason, we currently consider that a new deadline date of 30 November is the most appropriate date, but we would welcome views on this.

Q1 Do you agree with the above proposal to extend the regulatory deadline by which the scale fees need to be set to enable the appointing person (PSAA Ltd) to take into account more up-to-date information?

- Yes – I agree with the above proposal
- No – I disagree with the above proposal
- Unsure

Use of Standardised Fee Variations

6. At present, the only way in which audit fees can be increased beyond the fee scales consultation after the start of the financial year is through the fee variations process set out in regulation 17. This is to take account of circumstances where the auditor is required to undertake additional work on an audit beyond that which was envisaged, such as where the accounts reflect complex transactions not built into the fees scale, where working papers have been poorly prepared, or for work relating to an auditor's statutory responsibilities such as objections, statutory recommendations or public interest reports. Although not required in the regulations, it is a contractual requirement that the auditor discusses the proposed variations with the audited body before submitting them to the appointing person for determination.

7. In 2015, when the regulations were drafted, it was expected that this process would only be required for a small number of bodies where specific circumstances determined more work was needed. However, the drive for higher quality audits following high profile corporate failures (such as Carillion and Patisserie Valerie) has resulted in significant additional work being needed, and has meant that individual fee variations are being required for the majority of opted in bodies, which is time consuming and inefficient for all parties. This has been amplified during the Covid-19 pandemic, where additional audit work has been required across the board.

8. In November 2020, the appointing person for principal bodies (PSAA Ltd) consulted on a potential new approach to fee variation, following requests from auditors and audited bodies, to consider whether it would be possible to remove or reduce the need for local negotiations, where the factors are likely to affect most or all audited bodies. The consultation proposed two types of variation:

a. National variations – for changes that relate to the conduct of most or all audits such as changes to audit and accounting codes, financial and regulatory requirements – i.e. where a standard cost can be reasonably estimated; and

b. Local variations which relate to local factors affecting a specific audit.

9. The response to the consultation proposals was favourable and PSAA Ltd has commissioned independent research to review potential examples where standardised fee variations could apply.

10. The government response to the Redmond Review proposed to enable the appointing person (subject to appropriate consultation) to set additional fees across groupings of audited bodies in-year where there is clear evidence of additional work that affects those groupings. This consultation exercise is now proposing to update the regulations to facilitate this. It would require the appointing person to conduct research and, where relevant, propose a standardised fee for a class/group or even all bodies, thus eliminating the need for potentially time-consuming local discussions.

11. Even where the results of the research may show that it is not feasible to set a standardised fee (such as where there are too many variable factors that mean that the audit work needed at different bodies is difficult to predict) the appointing person would publish the factors that are likely to influence the extent of additional audit work required. This will be useful reference material for audited bodies when discussing their local auditor's proposed additional fees.

12. If, having completed their research, the appointing person felt that a standardised fee variation was appropriate, they would be required to consult on this with affected bodies and firms, in the same way that is required for setting the yearly fee scales.

13. These measures would help address the difficulties local bodies reported to the Redmond Review, whereby they sometimes struggled to understand what fee variation requests were for. Furthermore, removing the need for case-by-case consideration, where appropriate, would help to take a potential source of tension out of the system, reduce the burden on the appointing person, local bodies and firms of negotiating every fee variation and contribute to improved fairness within the current fee structure, whilst providing much greater certainty to all parties.

14. This consultation therefore proposes that the appointing person should be able to propose and consult on a standardised additional fee for all or groups of bodies for elements of work based on its own independent research. The requirement to consult would be in line with PSAA's consultation principles. Whilst the examples included in paragraph 8 above generally relate to cases where additional work (and therefore higher fees) is required, it is also important to emphasise that these variations could facilitate reductions in fees, if less work than anticipated was required.

Q2. Do you agree with the above proposals to enable the appointing person to consult on and agree standardised fee variations to be applied to all or certain groups of principal bodies?

- Yes – I agree with the above proposal
- No – I disagree with the above proposal
- Unsure

Q3. National fee variations could only be implemented in prescribed circumstances, which would be defined in the regulations. Do you have any comments on the example circumstances outlined in paragraph 8, or any additional circumstances that should be considered?

Timing of Fee variation payments

15. The number of fee variations has increased significantly following on from the drive to improve audit quality. The framework for fee variations was designed when the number was far fewer than now, and when it was appropriate that they were processed at the end of the audit. As the fee variations become a larger part of the audit fee as a whole, delays in payment become more of an issue.

16. The consultation therefore proposes to clarify that the appointing person is able to approve additional fee proposals from audit firms for additional elements of work completed during the audit rather than after completion. The appointing person currently reviews every individual fee variation proposal from firms in accordance with the detailed procedure published on its website and approval would be subject to the appointing person carrying out its usual checks to be satisfied that additional fees are appropriate for the work done, once it has been completed and sufficient evidence has been provided.

17. This would allow the auditor to recover an appropriate audit fee more promptly for the additional elements of work that the auditor needs to carry out during the audit cycle, although still requiring the appointing body to receive confirmation that the work had been completed. This would also help to reduce the year end peak of additional fee proposals and it would provide both sides with more certainty on those fee elements earlier in the audit cycle.

Q4. Do you have any comments about the above proposals to enable some fee variations for additional elements of work to be approved during the audit, noting that the appointing person's scrutiny processes to review the proposed additional fees would operate in all cases in the usual way?

Auditor appointment period

18. The Regulations currently require the appointing person to appoint a local auditor "for the appropriate period", which is the "compulsory appointing period". This means the financial year or years for which the appointing person is responsible for appointing a local auditor, which can range from 1 to 5 years, with the default being 5 years to provide certainty for all parties.

19. The Regulations are clear that where an appointment comes to an early end (e.g. because of an independence issue) the appointing person is required to appoint an alternative auditor as soon as practicable. However, the Regulations are not clear whether the appointing person can deliberately make an appointment for a shorter duration than to the end of the appointing period.

20. The advantage of being able to do so would mean greater flexibility in terms of auditor appointments. For example, this would enable procurements within an appointing period, which

may help maintain a sustainable supply market as losing firms do not have to wait 5 years for the chance to win another appointing person contract. There may also be situations where audit firm rotation would be appropriate part way through an appointing period, to accord with best practice.

21. The consultation therefore proposes to provide clarification that the appointing person is able to appoint auditors for the period that it considers to be the most appropriate, up to the maximum length of the appointing period, subject to consultation with the relevant bodies. This includes enabling the appointing person to have audit contracts that are shorter than an appointing period.

Q5 Do you agree with the above proposal that the appointing person is able to appoint auditors for the period that it considers to be the most appropriate, up to the maximum length of the appointing period subject to consultation with the relevant bodies?

- Yes – I agree with the above proposal
- No – I disagree with the above proposal
- Unsure

General comments

Q6. Finally, we would also welcome any more general comments on the proposals, including any comments relating to equalities impact or any potential for unintended consequences of any of the above proposals.

List of Questions

Q1. Do you agree with the above proposal to extend the regulatory deadline by which the scale fees need to be set to enable the appointing person (PSAA Ltd) to take into account more up-to-date information?

Q2. Do you agree with the above proposal to enable the appointing person to consult on and agree standardised fee variations to be applied to all or groups of principal bodies?

Q3. National fee variations could only be implemented in prescribed circumstances, which would be defined in the regulations. Do you have any comments on the example circumstances outlined in paragraph 8, or any additional circumstances that should be considered?

Q4. Do you have any comments about the above proposals to enable some fee variations for additional elements of work to be approved during the audit, noting that the appointing person's scrutiny processes to review the proposed additional fees would operate in all cases in the usual way?

Q5. Do you agree with the above proposal that the appointing person is able to appoint auditors for the period that it considers to be the most appropriate, up to the maximum length of the appointing period subject to consultation with the relevant bodies?

Q6. Finally, we would also welcome any more general comments on the proposals, including any comments relating to equalities impact or any potential for unintended consequences of any of the above proposals.

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA), the UK General Data Protection Regulation, and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the Freedom of Information Act and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included at Annex A.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the complaints procedure.

Annex A – Personal Data Rights

Personal data

The following is to explain your rights and give you the information you are entitled to under the Data Protection Act 2018.

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the call for evidence.

1. The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at dataprotection@communities.gov.uk.

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the call for evidence process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

The Data Protection Act 2018 states that, as a government department, MHCLG may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a call for evidence.

4. With whom we will be sharing your personal data

We use a third-party platform, Citizen Space, to collect consultation responses. In the first instance, your personal data will be stored on their secure UK-based servers.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for two years from the closure of the call for evidence.

6. Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have all or some of your data deleted or corrected
- d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored on a secure government IT system.

Your data will be transferred to our secure government IT system as soon as possible after the consultation has closed, and it will be stored there for the standard two years of retention before it is deleted.

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Open consultation

Redmond Review response - Changes to the audit fees methodology for allocating £15 million to local bodies

Published 20 April 2021

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3. [Allocation of £15 million](#)
4. [About this consultation](#)
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Scope of the consultation

Topic of this consultation: This consultation seeks views on the Audit Fees Methodology for Allocating £15 Million to Local Bodies.

Scope of this consultation: The Ministry of Housing, Communities and Local Government is consulting on the Audit Fees Methodology for Allocating £15 Million to Local Bodies

This includes all eligible principal local government body types listed in schedule 2 of the Local Audit and Accountability Act 2014 including:

- county councils
- district councils
- London borough councils
- unitary authorities
- metropolitan councils
- local police bodies
- fire and rescue authorities
- combined authorities (covering elected regional mayors), national park authorities
- conservation boards
- passenger transport executives
- waste authorities
- functional bodies and other specified bodies

Smaller authorities (such as parish councils) and NHS bodies, including accountable care bodies, are not eligible to opt in.

Geographical scope: The questions in this consultation paper apply to local government bodies in England, as defined above.

Impact assessment: We will produce a full Public Sector Equality Duty (PSED) assessment as the policy proposals develop further following this consultation.

Basic Information

To: This is an open consultation. We particularly seek the views of individual members of the public; prospective and current elected members/representatives; all relevant local government bodies defined above; and those bodies that represent the interests of local authority members/representatives at all levels.

Body/bodies responsible for the consultation: The Local Government Stewardship Division in the Ministry of Housing, Communities and Local Government is responsible for conducting this consultation.

Duration: This consultation will last for 4 weeks from 20 April 2021.

Enquiries: For any enquiries about the consultation please contact: localaudit@communities.gov.uk

How to respond: You can respond to this call for evidence through our online consultation platform, [Citizen Space](#).

Introduction

1. Sir Tony Redmond, in his review of the effectiveness of external audit and transparency of financial reporting in local authorities, recommended that the current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements. In the government's 17 December response, the government committed to take swift action to support market stability, and in particular to take action to review and reform regulations to provide the appointing person with greater flexibility to ensure the costs to audit firms of additional work are met, and reduce the need for time consuming case-by-base consideration.

2. To support the implementation of this, in the government response to the Review, ministers announced £15 million in additional funding in 2021/22. This is intended to support affected local bodies to meet the anticipated rise in audit fees in 2021/22, driven by new requirements on auditors including the 2020 Code of Audit Practice, and to enable local authorities to develop standardised statements of service information and costs,

3. This short consultation sets out a proposed simple methodology but also seeks views on whether this is the most equitable way in allocating the funding between principal bodies.

4. We are also consulting separately on the [implementation of changes to the fee setting process for principal bodies set out in the Local Audit \(Appointing Person\) Regulations 2015](#), as recommended in the Redmond review, to a 6 week timescale, seeking views on amending the timescale for setting the fee scales, enabling the appointing person to consult on and approve a standardised additional fee – subject to consultation – and for such payments to be made in year rather than at the completion of the audit the consultation also seeks to clarify some details around the appointment of auditors and the length of that appointment period as well as any more general comments.

Allocation of £15 million

5. As set out above, on 17 December, ministers announced £15 million to support principal local bodies to meet the anticipated rise in audit fees in 2021/22, driven by new requirements on auditors, including the 2020 Code of Audit Practice, and to enable local authorities to develop standardised statements of service information and costs. The response also stated that allocations would be publicised later in the spring.

6. To facilitate this, we are keen to seek views from stakeholders on how best to allocate this money to principal bodies. Our objective is to use a funding methodology that most accurately and fairly reflects the anticipated additional costs to individual local bodies.

7. To make the process as simple, clear and fair as possible we are considering the use of a methodology that, for opted-in bodies, bases individual allocations on each body's scale fee as a proportion of the total fee scale that each body currently pays as part of the current contracts. We would also include the relevant comparative fees for those bodies that are not opted-in to the appointing body arrangements to ensure that all bodies were treated fairly. We judge that this would be the method that most clearly delivers on our objective outlined above.

8. However, we recognise that there are potentially other approaches we could consider or factors that could also be taken into account. Other methodological approaches that we have considered, but are not currently minded to take forward include:

a. Allocating funding on the basis of a more standardised methodology that meant that all bodies of a specific 'type' received an equal allocation. This could be established using averages derived from the current individual fee scales. While this potentially represents a more consistent approach for bodies, we judge that it would be less likely to accurately reflect the costs faced by different bodies than using their current scale fees.

b. Taking into account past fee variations alongside base fee scales. This could potentially more accurately reflect the most up-to-date cost of audit paid by each audited body. However, given past fee variations can be paid for a range of different reasons, including issues that should be the responsibility of the audited body, there is a risk that this would unfairly penalise audited bodies who have not previously required fee variations, but are just as likely to see them in the future due to changes to the Code or other new costs.

c. Providing equal allocations to all bodies, or another methodology that was not derived from the current fee scales. This could be the right methodology to use if it was judged that the impact of new requirements on auditors or other causes of anticipated fee rises were likely to be shared equally between bodies, rather than those audited bodies whose audits are currently more expensive seeing larger increases in their costs. While we do not expect this to be the case, we would welcome evidence from respondents who disagree.

d. Allocating a proportion of the £15 million as a fixed sum to all bodies and the remainder on a proportionate basis derived from the scale fees. This could potentially represent a compromise between different approaches, and take account of where all bodies may expect to see commensurate increases in costs. We are currently minded to use the more straightforward methodology outlined in paragraph 7, but would welcome views on this one too.

Q1 With regard to the allocation of the £15 million to affected bodies, do you agree with the proposal at paragraph 7 that is to base individual allocations on each body's scale fee as a proportion of the total fee scale that each body currently pays

- Yes – I agree with the above proposal

- No – I disagree with the above proposal
- Unsure

Q2 Alternatively, do you think that one of the methodologies proposed in paragraph 8 would be more equitable? What are your reasons for this?

- Yes
- No
- Unsure

Q3 If you do think that we should consider a different methodological approach, what factors in your view should be used to determine the proportionate element of the funding? For example, might regulatory standards that only apply to certain bodies be a suitable contributory factor?

Q4 We would also welcome views if you have an alternative proposal to those described above – please provide details below.

Q5. We would also welcome any more general comments on the proposals and any unintended consequences that might arise from their implementation.

Q6 Finally any comments relating to the equalities impact of the above proposals would be welcomed.

About this consultation

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EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting Scrutiny & Audit Panel

Date 29 April 2021

Title of Report External Audit Plan and Scale Fee 2021/22

By Duncan Savage, Assistant Director Resources/Treasurer

Lead Officer Helen Thompson / Stephan van der Merwe, EY

Background Papers None

Appendices

1. External Audit Plan (EY)
2. 2021-22 Audit Fee Scale Consultation Response (PSAA)
3. 2021-22 Directory of auditors and scale fees (PSAA)

Implications

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

PURPOSE OF REPORT To present the external auditor's planning document for the audit of the 2020/21 financial accounts and the external audit scale fee for 2021/22.

To provide an update on the fee variations proposed by the Authority's external auditors for the 2019/20 audit.

EXECUTIVE SUMMARY The attached external audit plan (Appendix 1) sets out the work that the Authority's external auditors, Ernst & Young LLP (EY), intend to carry out in order to audit the Authority's 2020/21 accounts and form their judgement on the Authority's value for money arrangements. EY has not identified any specific risks relating to the Authority's accounts. However it should be noted that the Code of Practice sets out changes to the auditor's approach to making it's value for money judgement, for which detailed guidance has only recently been issued.

PSAA has published its response to the consultation on 2021-22 scale fees (Appendix 2). The scale fee for the Authority is £23,690 i.e. no change from the previous year (Appendix 3).

The Panel will be aware that EY submitted two proposed fee variations in relation to the 2019/20 audit:

- a) Scale Fee Rebasing - £27,553 – this reflects EY’s assessment of the underlying and ongoing increase in the cost of the audit as a result of regulatory and professional requirements and risk
- b) Additional work during the 2019/20 audit £4,342 – this reflects specific additional costs incurred by EY in the conduct of the audit.

PSAA has indicated that they have asked for additional information from EY regarding the latter variation and expect this matter to be determined by mid-May. On the larger scale fee re-basing we understand that PSAA has rejected EY’s approach and asked them to resubmit with individual calculations and supporting evidence for the additional work carried out at each audited body. It is not clear what the timeline is for this to be resolved and the extent to which it will impact on fees for 2021/22 onwards.

EY has repeated its request for a scale fee variation in relation to the audit of the 2020/21 accounts of £27,553 taking the total audit fee to £51,243 (an increase of 116%). A further variation may be made to reflect the impact of the changes to the vfm judgement. Given previous debate on this issue, Officer’s recommendation is that the Panel maintains its existing position and does not approve the proposed variation. Further consideration should be given once PSAA has considered the existing fee variation proposals.

There is currently no further information on how MHCLG plans to allocate the £15m grant provided by Government to cover increases in audit fees resulting from changes in regulatory regimes. In its revenue budget for 2021/22 the Authority has made provision for an increase of £30,000 in external audit fees.

In response to the Redmond Review the Government has, under the Accounts and Audit (amendment) Regulations 2021, amended the draft and final accounts publication deadlines for relevant bodies including Fire Authorities from 1 June and 31 July to 1 August and 30 September for the next two accounting years i.e. 2020/21 and 2021/22. The Service’s intention is still to publish its draft accounts by the end of May or early June (depending on the availability of IAS19 reports and collection fund data which are outside of

our control). The changes in dates will require an additional Scrutiny & Audit Panel in late September for approval.

RECOMMENDATION

The Panel is recommended to:

- (i) Approve the external audit plan for 2021/22, excepting the proposed fee scale variation of £27,553;
 - (ii) Note the change in the audit timetable;
 - (iii) Note the update on EY's 2019/20 fee variations; and
 - (iv) Identify any further information or reassurance they require from the Authority's external auditors, or any matters which they wish to raise with them.
-

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**East Sussex Fire
Authority
Audit planning report**

Year ended 31 March 2021

April 2021

16 April 2021



East Sussex Fire Authority
Service Head Quarters
Church Lane
Lewes
East Sussex
BN7 2DZ

Dear Scrutiny & Audit Panel Members

Provisional Audit Planning Report 2020/21

We are pleased to attach our Provisional Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Scrutiny & Audit Panel with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This Provisional Audit Plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority and outlines our planned audit strategy in response to those risks. Our planning procedures remain ongoing, specifically in relation to the new requirements for the value for money conclusion. We will report our value for money risk assessment and inform the Scrutiny & Audit Panel if there are any significant changes or revisions to our strategy for the financial statements audit upon completion of these procedures at the following meeting of the Panel.

This report is intended solely for the information and use of the Scrutiny & Audit Panel and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 26 April 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Thompson

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The 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 and further guidance (updated April 2018)" issued by the PSAA sets 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 in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Scrutiny and Audit Panel and Management of East Sussex Fire Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Scrutiny and Audit Panel and Management of East Sussex Fire Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Scrutiny and Audit Panel and Management of East Sussex Fire Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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Overview of our 2020/21 audit strategy



Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Scrutiny & Audit Panel with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error (management override)	Fraud risk	No change in risk or focus	As identified in ISA 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 would otherwise appear to be operating effectively.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Under ISA 240 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. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Valuation of Land and Buildings	Inherent risk	No change in risk or focus	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 and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.
Pension Liability Valuation	Inherent risk	Changed from Significant Risk in PY to Area of Focus in CY	<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 (LGPS) administered by East Sussex County Council and the Firefighters Pension Scheme where its administration was transferred to West Yorkshire Pension Fund during the year. 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.</p> <p>The information disclosed is based on the IAS 19 reports issued to the Authority by the actuaries of the two Pension Schemes. Accounting for these schemes involves significant estimation and judgement and therefore management engages actuaries to undertake the calculations on their 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. During the year, the Authority changed its actuaries from Hymans Roberts to Barnett Waddingham.</p> <p>In 2019/20, late changes were required to disclosures in the financial statements arising from the McCloud legal judgement. The impact for 2020/21 is not yet known.</p>

Overview of our 2020/21 audit strategy (cont.)

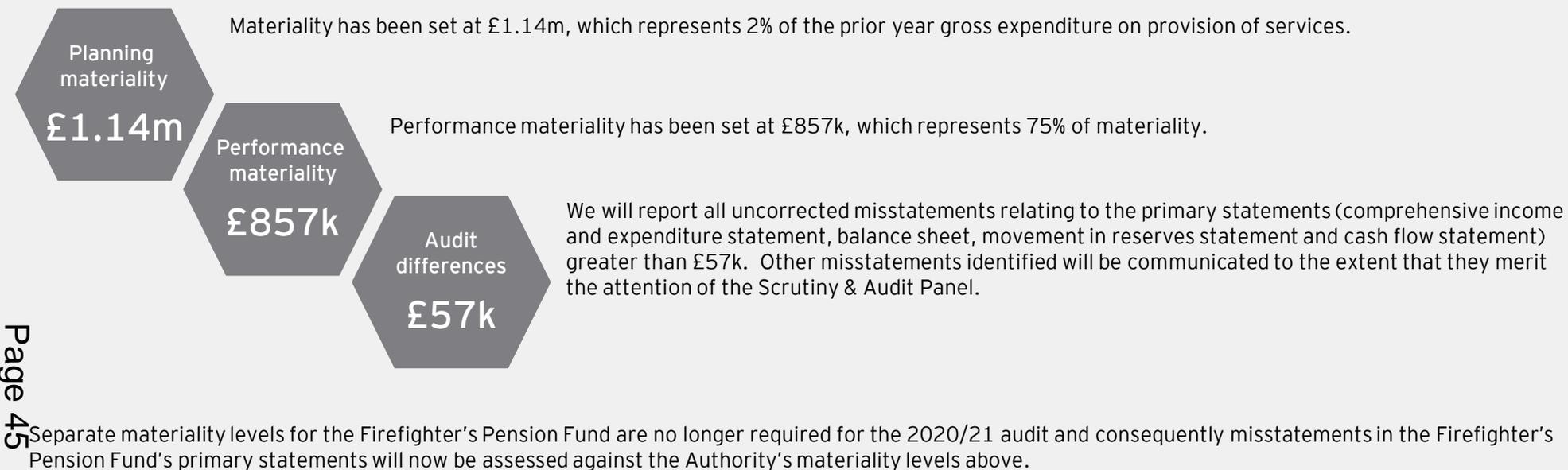
The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Scrutiny & Audit Panel with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Page 44 Going Concern Disclosure	Inherent risk	No change in risk or focus	<p>Covid-19 has created a number of financial pressures throughout local government, increasing service demand and expenditure. The Authority has incurred additional expenditure in a number of areas of its operations and has experienced some income losses. The extent of support from MHCLG has developed over time, but does not include all financial consequences of Covid-19.</p> <p>CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 sets out that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.</p> <p>However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'.</p> <p>To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.</p>

Overview of our 2020/21 audit strategy (cont.)

Materiality - East Sussex Fire Authority





Overview of our 2020/21 audit strategy (cont.)

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of East Sussex Fire Authority give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended; and
- Our conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Authority.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of East Sussex Fire Authority's audit, we will discuss these with management as to the impact on the scale fee.



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02 Audit risks



Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error*

Page 48

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 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.

What will we do?

- ▶ Identify fraud risks during the planning stages;
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks;
- ▶ Understand the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consider the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determine an appropriate strategy to address those identified risks of fraud;
- ▶ Perform mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements;
- ▶ Review accounting estimates for evidence of management bias; and
- ▶ Evaluate the business rationale for significant unusual transactions.

Our response to significant risks (Cont.)

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure*

Page 19

Financial statement impact

We have assessed that the risk of fraud in revenue and expenditure recognition is most likely to occur through the inappropriate capitalisation of revenue expenditure. This would have the impact of reducing revenue expenditure and increasing additions of Property, Plant and Equipment.

Additions in the year ended 31 March 2020 were £2.7m.

What is the risk?

Under ISA 240 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.

We have assessed the risk is 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.

What will we do?

We will:

- ▶ Test PPE additions to ensure that the expenditure incurred and capitalised is clearly capital in nature;
- ▶ Test REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources; and
- ▶ Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Valuation of Land and Buildings

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 and impairment reviews. The valuation at 31 March 2020 was £42.6m. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What will we do?

We will:

- ▶ Consider 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 test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Local Authority Accounting Code of Practice. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test to confirm that accounting entries have been correctly processed in the financial statements.

Audit risks

Other areas of audit focus (cont.)

What is the risk/area of focus?

Pension Liability Valuation

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 (LGPS), administered by East Sussex County Council and the Firefighters Pension Scheme where its administration was transferred to West Yorkshire Pension Fund during the year. 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.

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 2020 this totalled £395.9m.

The information disclosed is based on the IAS 19 reports issued to the Authority by the actuaries of the two Pension Schemes. Accounting for these schemes involves significant estimation and judgement and therefore management engages actuaries to undertake the calculations on their 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. During the year, the Authority changed its actuaries from Hymans Roberts to Barnett Waddingham.

In the prior year the 'McCloud' judgement impacted the estimate and resulted in an amendment of the net pension liability. We anticipate this will again be a key assumption in estimating the pension liability. We would expect the Authority's actuary to be basing their assumptions taking into account the Authority's specific membership profile and how it has been impacted by the judgement. We also note that there may be further developments in this area, potentially again coming after the balance sheet date.

What will we do?

We will:

- ▶ Liaise 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;
- ▶ Assess the work of the Local Government Pension Fund and Fire Fighters' Pension Scheme new actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

Audit risks

Other areas of audit focus (cont.)

What is the risk/area of focus?

Going Concern

Covid-19 has created a number of financial pressures throughout local government, increasing service demand and expenditure. The Authority has incurred additional expenditure in a number of areas of its operations and has experienced some income losses. The extent of support from MHCLG has developed over time, but does not include all financial consequences of Covid-19.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 sets out that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

What will we do?

In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, we will seek documented and detailed consideration to support management's assertion regarding the going concern basis. Our audit procedures to review these will include consideration of:

- ▶ Current and developing environment;
- ▶ Liquidity (operational and funding);
- ▶ Mitigating factors;
- ▶ Management information and forecasting; and
- ▶ Sensitivities and stress testing.

Due to the impact of Covid-19, we will consult internally, as necessary, with our risk department over the level of appropriate disclosure.



03

Value for Money Risks



Value for money

Authority's responsibilities for value for money

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

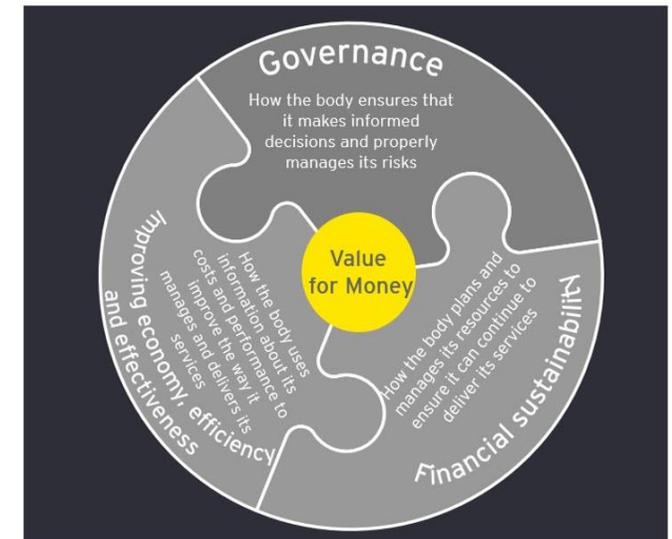
As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in an annual governance statement. In preparing its annual governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer one overall evaluation criterion on which we need to conclude. Instead the 2020 Code requires us to design our work to provide sufficient assurance to enable us to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- ▶ Financial sustainability
How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- ▶ Governance
How the Authority ensures that it makes informed decisions and properly manages its risks; and
- ▶ Improving economy, efficiency and effectiveness:
How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.





Value for money risks

Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Authority's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes, where the NAO required auditors, as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Authority's arrangements, we are required to consider:

- ▶ The Authority's Annual Governance Statement;
- ▶ Evidence that the Authority's arrangements were in place during the reporting period;
- ▶ Evidence obtained from our work on the accounts;
- ▶ The work of inspectorates (such as CQC) and other bodies; and
- ▶ Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- ▶ Exposes - or could reasonably be expected to expose - the Authority to significant financial loss or risk;
- ▶ Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Authority's reputation;
- ▶ Leads to - or could reasonably be expected to lead to - unlawful actions; or
- ▶ Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- ▶ The magnitude of the issue in relation to the size of the Authority;
- ▶ Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- ▶ The impact of the weakness on the Authority's reported performance;
- ▶ Whether the issue has been identified by the Authority's own internal arrangements and what corrective action has been taken or planned;
- ▶ Whether any legal judgements have been made including judicial review;
- ▶ Whether there has been any intervention by a regulator or Secretary of State;
- ▶ Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- ▶ The impact on delivery of services to local taxpayers; and
- ▶ The length of time the Authority has had to respond to the issue.



Value for money risks

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit and Assurance Committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Authority's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

The new Code promotes more timely reporting by auditors. So where we have sufficient evidence to determine that there is a significant weakness on VFM related arrangements we can report that weakness, and an associated recommendation for improvement, at that time and not wait until we issue our Audit Results Report on the audit of the statement of accounts.

Summary of changes in VFM requirements between the 2015 and 2020 Codes of Audit Practice

We set out a summary of key changes in VFM requirements between the 2015 and 2020 Codes in tabular form on the following pages.

Status of our 2020/21 VFM Planning

The issue of detailed guidance to inform our risk assessment was delayed and has only recently been received. Delays in the completion of our local government audits have also impacted on our planning time. Our risk assessment is therefore not yet complete. However, based on the planning procedures we have completed to date, we have not identified any significant weaknesses in your arrangements. We will update the Panel once our risk assessment is complete to confirm whether any further risks have been identified, and the work which will be undertaken to address them.



Value for money - Code requirements

Page 57

2015 Code requirement	2020 Code requirement
<p>Overall requirement For auditors to satisfy themselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p>	<p>Overall requirement No change in requirement.</p>
<p>Design of work The auditor's work should be designed to provide the auditor with sufficient assurance to enable them to report by exception if the auditor concludes that they are not satisfied that the audited body has put in place proper arrangements to secure value for money in the use of its resources for the relevant period.</p> <p>Where required, the auditor should report their conclusion on the audited body's arrangements having regard to specific reporting criteria.</p>	<p>Design of work The auditor's work should be designed to provide the auditor with sufficient assurance to enable them to report to the audited body a commentary against the specified reporting criteria on the arrangements the body has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.</p> <p>Where the auditor is not satisfied in respect of arrangements to secure value for money, they should refer to this by exception in their audit report on the financial statements.</p>
<p>Assurance given In carrying out this work, the auditor is not required to satisfy themselves that the audited body has achieved value for money during the reporting period.</p>	<p>Assurance given No change in requirement. Our work remains arrangements based.</p>
<p>Other sources of relevant information Auditors need to consider:</p> <ul style="list-style-type: none"> ▶ The audited body's governance statement; ▶ Evidence that the audited body's arrangements were in place during the reporting period; ▶ Evidence obtained from the auditor's other work; ▶ The work of inspectorates and other bodies; and ▶ Any other evidence source that the auditor regards as necessary to facilitate the performance of their statutory duties 	<p>Other sources of relevant information No change in requirement.</p>



Value for money - Code requirements

2015 Code requirement	2020 Code requirement
<p>Quantum of work Determining how much work to do on arrangements to secure value for money is a matter of auditor judgement.</p>	<p>Quantum of work Determining how much work to do on arrangements to secure value for money remains a matter of auditor judgement, but we expect the enhanced risk assessment process and reporting requirements to require more time to be input.</p>
<p>Reporting criteria The NAO's supporting Auditor Guidance Note 3 defines proper arrangements as:</p> <ol style="list-style-type: none"> 1. <i>Informed decision making</i> <ul style="list-style-type: none"> ▶ Acting in the public interest, through demonstrating and applying the principles and values of sound governance; ▶ Understanding and using appropriate and reliable financial and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management; Reliable and timely financial reporting that supports the delivery of strategic priorities; Managing risks effectively and maintaining a sound system of internal control; 2. <i>Sustainable resource deployment</i> <ul style="list-style-type: none"> ▶ Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions; ▶ Managing and utilising assets effectively to support the delivery of strategic priorities; ▶ Planning, organising and developing the workforce effectively to deliver strategic priorities; 3. <i>Working with partners and other third parties</i> <ul style="list-style-type: none"> ▶ Working with third parties effectively to deliver strategic priorities; ▶ Commissioning services effectively to support the delivery of strategic priorities; ▶ Procuring supplies and services effectively to support the delivery of strategic priorities; 	<p>Reporting criteria The Code specifies that auditors need to focus on these reporting criteria:</p> <ol style="list-style-type: none"> 1. <i>Governance</i>: how the body ensures that it makes informed decisions and properly manages its risks. Specifically: <ul style="list-style-type: none"> ▶ How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud; ▶ How the body approaches and carries out its annual budget setting process; ▶ How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed; ▶ How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from the audit committee; and ▶ How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff or member behaviour (such as gifts and hospitality or declarations/conflicts of interests). 2. <i>Financial sustainability</i>: how the body plans and manages its resources to ensure it can continue to deliver its services. Specifically: <ul style="list-style-type: none"> ▶ How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them; ▶ How the body plans to bridge its funding gaps and identifies achievable savings; ▶ How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;



Value for money - Code requirements

Page 59

2015 Code requirement	2020 Code requirement
<p>Reporting criteria (continued) See previous page</p>	<p>Reporting criteria (continued)</p> <ul style="list-style-type: none"> ▶ How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and ▶ how the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans. <p>3. <i>Improving economy, efficiency and effectiveness</i>: how the body uses information about its costs and performance to improve the way it manages and delivers its services. Specifically:</p> <ul style="list-style-type: none"> ▶ How financial and performance information has been used to assess performance to identify areas for improvement; ▶ How the body evaluates the services it provides to assess performance and identify areas for improvement; ▶ How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and ▶ Where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.
<p>Risk assessment As part of planning, auditors should consider the risk of reaching an incorrect conclusion in relation to the overall criterion.</p>	<p>Risk assessment The auditor will need to gather sufficient evidence and document their evaluation of it in order to enable them to draft their commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.</p>



Value for money - Code requirements

2015 Code requirement	2020 Code requirement
<p>Reporting The auditor should report to the audit committee the results of their work. The Annual Audit Letter should provide a clear, readily understandable commentary on the results of the auditor's work and highlight any issues that the auditor wishes to draw to the attention of the public.</p>	<p>Reporting Auditors are required to report in a commentary each year under the specified reporting criteria and the Code expects that where auditors identify significant weaknesses in arrangements as part of their work, they will raise them promptly with the audit committee.</p> <p>The auditor's annual report should bring together all of the auditor's work over the year. A core element of the report will be the commentary in accordance with the specified reporting criteria.</p> <p>The commentary should be clear, readily understandable and highlight any issues that the auditor wishes to draw to the attention of the body or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.</p>



04

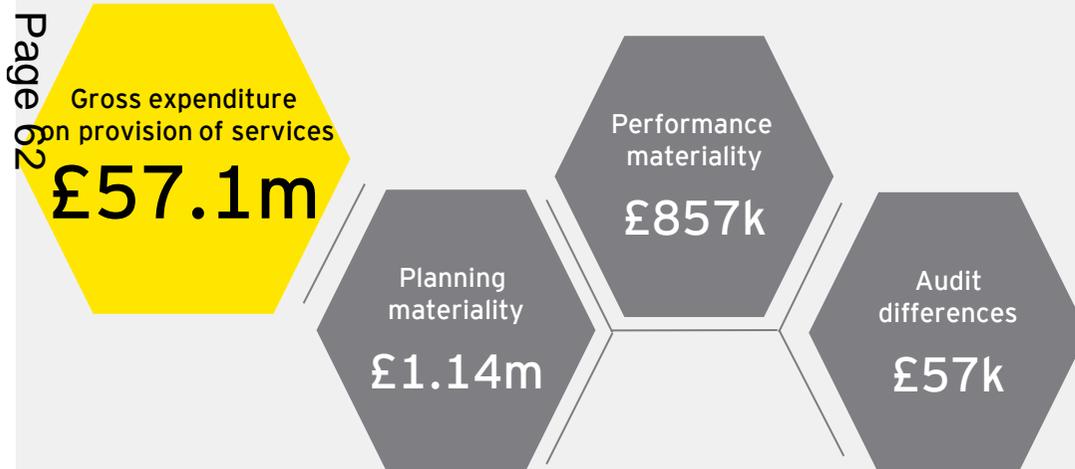
Audit materiality



Materiality - East Sussex Fire Authority

Materiality

For planning purposes, materiality for 2020/21 has been set at £1.14m. This represents 2% of the Authority's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.



We request that the Scrutiny & Audit Panel confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £857,000 which represents 75% of planning materiality. The rationale for using 75% is based on the anticipation of identifying few or no errors during the audit. This expectation has been built on our experience of the Authority in prior years.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Scrutiny & Audit Panel, or are important from a qualitative perspective.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (cont.)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2020/21 we plan to follow a fully substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated in view of the implementation of the new financial management system.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Scrutiny & Audit Panel.

Internal audit:

We will regularly meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit work, where they raise issues that could have an impact on the financial statements.



06

Audit team



Audit team

Audit team structure:

Helen Thompson
Associate Partner

Stephan van der Merwe
Manager

Robson Zvenhamu
Senior

EY Specialists

EY Pensions

Working together with the Authority

We are working together with officers to identify continuing improvements in communication and processes for the 2020/21 audit.

We will continue to keep our audit approach under review to streamline it where possible.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Management specialist: Fludes Commercial - RICS Registered Valuers
	EY third party specialist: Gerald Eve - RICS Registered Valuers
Pensions disclosure	Management specialist: Barnett Waddingham - Actuary
	EY third party specialist: PWC Pensions
	EY specialist: EY Pensions

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In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



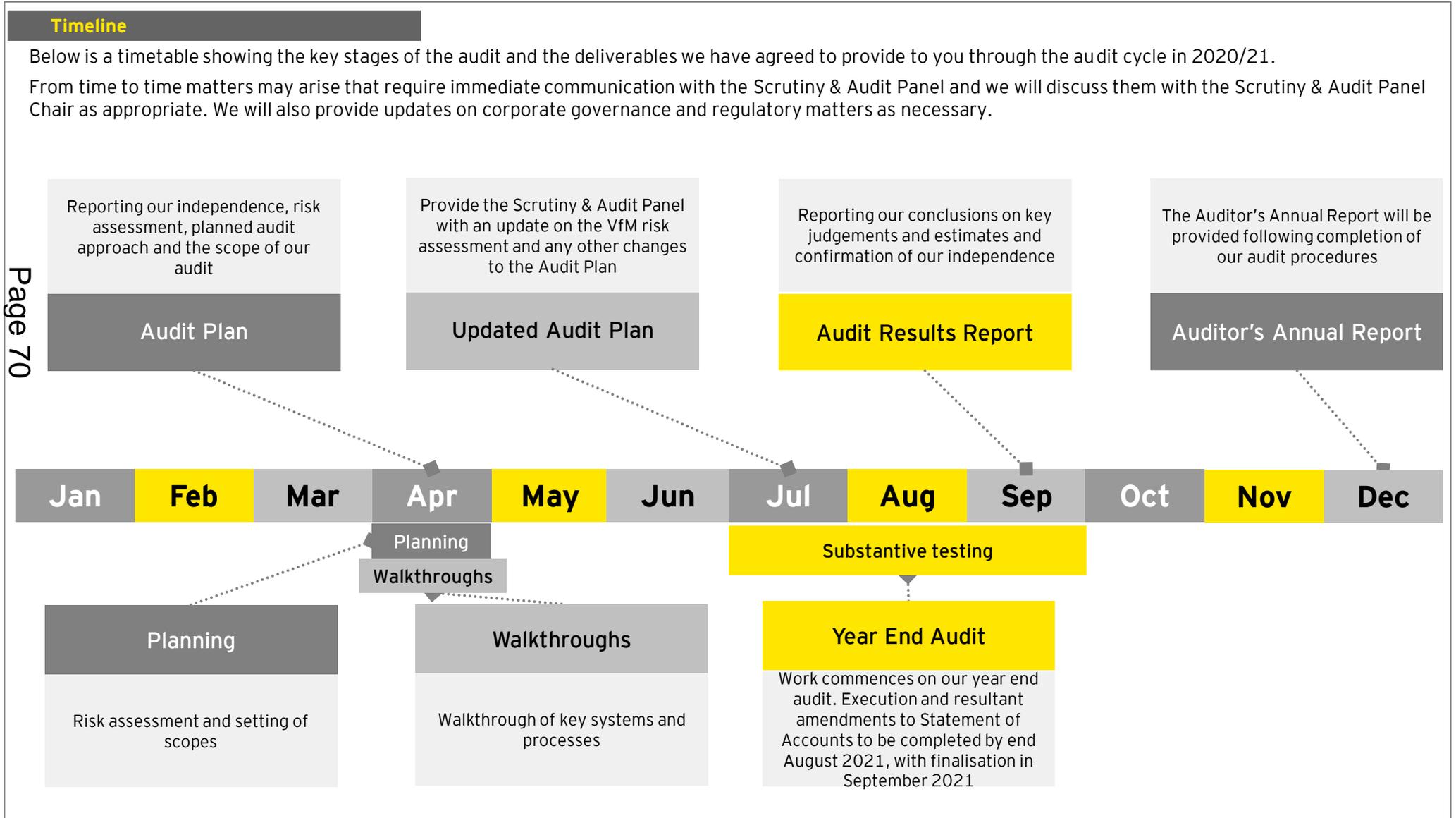
07 **Audit timeline**





Audit timeline

Timetable of communication and deliverables



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08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>▶ The overall assessment of threats and safeguards;</p> <p>▶ Information about the general policies and process within EY to maintain objectivity and independence.</p>	<p>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner;</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Helen Thompson, your audit engagement partner, and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval.

The ratio of non-audit fees to audit fees is not permitted to exceed 70% and this has not been exceeded, therefore no additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Relationships, services and related threats and safeguards (cont.)

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

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We should mention that during the prior year audit, the Treasurer noted one issue in his response to our enquiries. East Sussex County Council / Orbis, who provide a significant element of finance support to the Authority, retain EY as its external tax advisor. The Treasurer confirmed that East Sussex Fire Authority retain PSTax as its external tax advisor in order to avoid any independence conflict. Consequently, we conclude there is no threat to our independence from this matter.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 1 July 2020:

https://www.ey.com/en_uk/who-we-are/transparency-report-2020



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Appendices



Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2020/21 accounts of opted-in principal local government and police bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2020/21	Scale fee 2019/20	Final Fee 2019/20
	£	£	£
Total Fee - Code work	£23,690	£23,690	£23,690
Scale Fee Rebasing: Changes in work required to address Professional and regulatory requirements and scope associated with risk (Note 1)	£27,553	£Nil	£27,553
Revised Proposed Scale Fee	£51,243	£23,690	£51,243
Scale Fee Variation:			
• Additional work required for Going Concern (Note 2)	£Nil	£Nil	£944
• Additional work required for significant risks included (Note 2)	£Nil	£Nil	£1,715
• Additional Covid-19 related costs (Note 2)	£Nil	£Nil	£1,683
• Additional work required for Value for Money (Note 3)	TBC	£Nil	£Nil
Total Scale Fee Variation	£Nil	£Nil	£4,342
Total fees	£51,243	£23,690	£55,585

All fees exclude VAT

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Notes:

(1) We outlined in our 2019-20 Annual Audit Letter (AAL) the basis on which the scale fees are set by PSAA. We also outlined a combination of factors which mean that we do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity and therefore it endangers the sustainability of Local Audit in the future.

Based on these factors, and in light of requests from PSAA to provide further detailed analysis we have estimated the impact on the Authority, which has been shared with management but we did not reach agreement on that rebasing. This has been submitted to PSAA for review.

(2) We outlined in our 2019-20 AAL the basis for the additional Scale Fee Variation expenses relating to additional work required for Going Concern and significant risks, as well as additional Covid-19 related costs. This has been shared with management and we have agreed on this variation. This is now subject to PSAA review.

All additional fees will be subject to approval by PSAA.

(3) Additional Value for Money work required due to changes in the Code of Practice on Local Authority Accounting .

Appendix B

Required communications with the Scrutiny & Audit Panel

We have detailed the communications that we must provide to the Scrutiny & Audit Panel.

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Terms of engagement	Confirmation by the Scrutiny & Audit Panel of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.	
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.	
Page 88 Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit Planning Report - April 2021	
	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; ▶ Significant difficulties, if any, encountered during the audit; ▶ Significant matters, if any, arising from the audit that were discussed with management; ▶ Written representations that we are seeking; ▶ Expected modifications to the audit report; and ▶ Other matters if any, significant to the oversight of the financial reporting process. 	Audit Results Report - September 2021	

Appendix B

Required communications with the Scrutiny & Audit Panel (cont.)

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty; ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and ▶ The adequacy of related disclosures in the financial statements. 	Audit Results Report - September 2021	
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation; ▶ The effect of uncorrected misstatements related to prior periods; ▶ A request that any uncorrected misstatement be corrected; ▶ Corrected misstatements that are significant; and ▶ Material misstatements corrected by management. 	Audit Results Report - September 2021	
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Scrutiny & Audit Panel to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity; ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist; and ▶ A discussion of any other matters related to fraud. 	Audit Results Report - September 2021	
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management; ▶ Inappropriate authorisation and approval of transactions; ▶ Disagreement over disclosures; ▶ Non-compliance with laws and regulations; and ▶ Difficulty in identifying the party that ultimately controls the entity. 	Audit Results Report - September 2021	

Required communications with the Scrutiny & Audit Panel (cont.)

		Our Reporting to you
Required communications	 What is reported?	 When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats; ▶ Safeguards adopted and their effectiveness; ▶ An overall assessment of threats and safeguards; and ▶ Information about the general policies and process within the firm to maintain objectivity and independence. 	Audit Planning Report - April 2021; and Audit Results Report - September 2021
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations; and ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report - September 2021
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off; and ▶ Enquiry of the Scrutiny & Audit Panel into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Scrutiny & Audit Panel may be aware of. 	Audit Results Report - September 2021
Internal controls	Significant deficiencies in internal controls identified during the audit.	Audit Results Report - September 2021
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - September 2021
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - September 2021
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report; and ▶ Any circumstances identified that affect the form and content of our auditor's report. 	Audit Results Report - September 2021
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed; ▶ Breakdown of fee information at the completion of the audit; and ▶ Any non-audit work. 	Audit Planning Report - April 2021; and Audit Results Report - September 2021

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required
auditing standards

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- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authorities internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authorities to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Scrutiny & Audit Panel reporting appropriately addresses matters communicated by us to the Scrutiny & Audit Panel and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the Authority's financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

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Summary of responses to the fee consultation

Background to the consultation

Current regulations require PSAA to consult on and set the fee scale in advance of the financial year to which the scale applies. A significant proportion of audit work is undertaken after the end of relevant financial year by necessity. Consulting on changes to the fee scale in advance of the start of the relevant year (as the Appointing Person Regulations explicitly require) therefore presents us with significant challenges, particularly when audit is subject to as much change as it is currently. Ideally, we would be able to set fees with the benefit of relatively complete information about all preceding years' audits.

We consulted in January and February 2021 on the proposed fee scale for 2021/22, following a consultation in November 2020 on improvements to fee variations arrangements. We consulted a total of 526 organisations, including opted-in bodies, contracted firms and a broad range of national stakeholders. The regulations require us to consult:

- a) all opted in authorities;
- b) such representative associations of principal authorities as appear to the specified person to be concerned, and
- c) such bodies of accountants as appear to the appointing person to be appropriate.

Our consultation for the 2021/22 fee scale set out the proposal that fees would be set using the following information:

- [2020/21 scale fees](#)
- **plus** relevant adjustments for ongoing additional audit work arising from 2018/19 approved fee variations
- **plus** any adjustments relating to changes in auditing and financial reporting requirements which are classified as national variations under PSAA's new arrangements for dealing with fee variations and which could be determined before 31 March 2021.
- **plus** relevant adjustment for inflation arising from PSAA's contracts with audit suppliers.

Consultation responses

We received 70 responses to the consultation:

- 65 from opted-in bodies;
- 3 from contracted firms; and
- 2 from representative organisations of opted-in bodies.

Most consultation responses confirmed their support for the proposed approach to setting the 2021/22 fee scale:

- 53 responses (76%) confirmed they agree with the proposals;

2021/22 audit fee scale

- 23 of those positive responses (32% of all responses), support the proposed approach but raised some concerns or caveats;
- 17 responses (24%) did not support the proposals.

Summary of consultation responses

Support without caveats		Support with caveats		Total who support the proposals		Do not support the proposals	
Number	% of responses	Number	% of responses	Number	% of responses	Number	% of responses
30	43%	23	33%	53	76%	17	24%

For comparison, we received 54 replies to last year's consultation on the 2020/21 fee scale.

Themes in the consultation responses

Although the level of support for the consultation proposals was high, there is a broad range of views reflected in individual responses, from those who consider the proposed approach to be a sensible way forward to those who think that fees should not change.

The positive responses generally welcome PSAA's proposed actions to build into scale fees the additional fees for ongoing audit requirements. Opted-in bodies welcome more certainty about audit fees, and many think the approach we have adopted in setting out our proposals for the 2021/22 fee scale is helpful and reasonable given current circumstances in local audit.

While confirming their support for the consultation proposals, some opted-in bodies have highlighted particular issues or caveats. Some are concerned that building into the fee scale the ongoing additional fees for 2018/19 alone at this stage will not produce a realistic indication of the audit fee payable for 2021/22. Their view is that the fee scale should cover all requirements and they would prefer that additional fees for 2019/20 are included in the fee scale as well. This is not straightforward because all additional fees required for 2019/20 audits cannot be confirmed yet by auditors and opted-in bodies, and then determined by PSAA. PSAA is required under current regulations to determine additional fees after audit work has been completed.

Responses from opted-in bodies also raise concerns about the size of some additional fees, particularly in the context of the financial pressures they are experiencing themselves. The additional fees under approved fee variations are required because audit requirements have increased as a result of changes in scope and regulatory oversight. PSAA's process for approving fee variation requests from auditors includes careful checks, balances and challenge before determination. Only the ongoing elements of fee variations will be included in the fee scale and will remain under review from year to year.

Consultation responses which do not support the proposal generally take the view that opted-in bodies should not be required to pay additional fees, and that any additional requirements should be allowed for in the audit contracts. The local audit framework under which the contracts were let requires the appointing person to set audit fees based on the requirements of the Code of Audit Practice. The legal framework recognises the potential need for additional audit work and includes a provision in the regulations for these. In the interests of safeguarding public funds, the contracts do not provide for potentially costly contingencies for changes in requirements that may or may not occur and for which the specific impact could not be quantified at the time of contract award.

2021/22 audit fee scale

The consultation responses we received from audit firms consistently present a strong view that the challenges of increased regulation and additional technical requirements mean that scale fees are no longer aligned with the level of audit work now required. The view of the firms is that scale fees need to increase, and that some form of percentage increase in the 2021/22 fee scale would be appropriate. Firms are also concerned that using fee variations for additional work limits their ability to allocate the necessary audit resources appropriately. PSAA is working to incorporate additional requirements into scale fees within the constraints of current regulations.

Consultation outcome

We are very grateful for all the responses to our consultation on the fee scale, which have provided very helpful feedback on our proposals.

The PSAA Board has reflected on the consultation responses and takes very seriously all the points made. The matters raised are complex, and possible solutions must be considered in the context of the full range of views expressed by stakeholders, wider developments in local audit and the audit profession more generally, the local audit regulations, and the timetables within which fees must be set and audit work completed.

Following careful consideration, the Board has set the 2021/22 fee scale on the basis of the proposals set out in the consultation.

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Organisation	Sector Type	Audit Firm	Engagement Lead	EL email	Fee Value (£)	Org Website	Audit Comments
London Fire Commissioner	Commissioner F and R Authority	Ernst & Young LLP	Janet Dawson	jdawson1@uk.ey.com	51,961	www.london-fire.gov.uk	No change to scale fee as variation relates to complex issues. In some cases we have been unable to disaggregate one-off and recurring components of 2018/19 fee variations with sufficient confidence to set an adjusted scale fee at this point.
Dorset and Wiltshire Fire and Rescue Authority	Fire and Rescue Authority	Deloitte LLP	Michelle Hopton	mhopton@deloitte.co.uk	34,650	www.dwfire.org.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
West Midlands Fire and Rescue Authority	Fire and Rescue Authority	Grant Thornton UK LLP	Avtar Sohal	avtar.s.sohal@uk.gt.com	32,250	www.wmfs.net	Recurring elements of 2018/19 fee variations included. Including ongoing elements does not increase the overall fee to be paid, it alters the timing of payment for ongoing additional work.
Kent and Medway Fire and Rescue Authority	Fire and Rescue Authority	Grant Thornton UK LLP	Paul Cuttle	paul.cuttle@uk.gt.com	29,818	www.kent.fire-uk.org	Recurring elements of 2018/19 fee variations included. Including ongoing elements does not increase the overall fee to be paid, it alters the timing of payment for ongoing additional work.
Merseyside Fire And Rescue Authority	Fire and Rescue Authority	Grant Thornton UK LLP	Michael Green	Michael.Green@uk.gt.com	28,966	www.merseyfire.gov.uk	Recurring elements of 2018/19 fee variations included. Including ongoing elements does not increase the overall fee to be paid, it alters the timing of payment for ongoing additional work.
Hampshire Fire and Rescue Authority	Fire and Rescue Authority	Ernst & Young LLP	Kevin Suter	ksuter@uk.ey.com	27,893	www.hantsfire.gov.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
West Yorkshire Fire and Rescue Authority	Fire and Rescue Authority	Deloitte LLP	Paul Hewitson	phewitson@deloitte.co.uk	27,782	www.westyorkfire.gov.uk	No change to scale fee as variation relates to complex issues. In some cases we have been unable to disaggregate one-off and recurring components of 2018/19 fee variations with sufficient confidence to set an adjusted scale fee at this point.
Staffordshire Police Fire and Crime Commissioner Fire and Rescue Authority	Commissioner F and R Authority	Grant Thornton UK LLP	Mark Stocks	mark.c.stocks@uk.gt.com	26,646	www.staffordshire-pcc.gov.uk/fire-rescue/	Recurring elements of 2018/19 fee variations included. Including ongoing elements does not increase the overall fee to be paid, it alters the timing of payment for ongoing additional work.
South Yorkshire Fire and Rescue Authority	Fire and Rescue Authority	Deloitte LLP	Paul Hewitson	phewitson@deloitte.co.uk	26,523	www.syfire.gov.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Royal Berkshire Fire Authority	Fire and Rescue Authority	Ernst & Young LLP	Andrew Brittain	abrittain@uk.ey.com	26,180	www.rbfrs.co.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Lancashire Combined Fire Authority	Fire and Rescue Authority	Grant Thornton UK LLP	Georgia Jones	georgia.s.jones@uk.gt.com	26,169	www.lancsfireandrescue.org.uk	Recurring elements of 2018/19 fee variations included. Including ongoing elements does not increase the overall fee to be paid, it alters the timing of payment for ongoing additional work.
Devon and Somerset Fire Authority	Fire and Rescue Authority	Grant Thornton UK LLP	Barrie Morris	barrie.morris@uk.gt.com	26,041	www.dsfire.gov.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Cheshire Fire Authority	Fire and Rescue Authority	Grant Thornton UK LLP	Michael Green	Michael.Green@uk.gt.com	25,992	www.cheshirefire.gov.uk	Recurring elements of 2018/19 fee variations included. Including ongoing elements does not increase the overall fee to be paid, it alters the timing of payment for ongoing additional work.
Hereford and Worcester Fire Authority	Fire and Rescue Authority	Grant Thornton UK LLP	Avtar Sohal	avtar.s.sohal@uk.gt.com	25,311	www.hwfire.org.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Derbyshire Fire Authority	Fire and Rescue Authority	Ernst & Young LLP	Helen Henshaw	hhenshaw@uk.ey.com	25,184	www.derbyshire-fire-service.co.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Cleveland Fire Authority	Fire and Rescue Authority	Mazars LLP	Gavin Barker	gavin.barker@mazars.co.uk	25,169	www.clevelandfire.gov.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Northamptonshire Commissioner Fire and Rescue Authority	Commissioner F and R Authority	Ernst & Young LLP	Neil Harris	nharris2@uk.ey.com	25,000	www.northantspcc.org.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Shropshire and Wrekin Fire Authority	Fire and Rescue Authority	Grant Thornton UK LLP	Avtar Sohal	avtar.s.sohal@uk.gt.com	24,996	www.shropshirefire.gov.uk	Recurring elements of 2018/19 fee variations included. Including ongoing elements does not increase the overall fee to be paid, it alters the timing of payment for ongoing additional work.
Humberside Fire Authority	Fire and Rescue Authority	Mazars LLP	Gavin Barker	gavin.barker@mazars.co.uk	24,561	www.humbersidefire.gov.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Cambridgeshire and Peterborough Fire Authority	Fire and Rescue Authority	BDO LLP	Rachel Brittain	rachel.brittain@bdo.co.uk	24,536	www.cambsfire.gov.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
North Yorkshire Police, Fire and Crime Commissioner Fire and Rescue Authority	Commissioner F and R Authority	Mazars LLP	Gavin Barker	gavin.barker@mazars.co.uk	24,387	www.northyorksfire.gov.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Avon Fire Authority	Fire and Rescue Authority	Deloitte LLP	Ian Howse	ihowse@deloitte.co.uk	24,220	www.avonfire.gov.uk	No change to scale fee as variation relates to complex issues. In some cases we have been unable to disaggregate one-off and recurring components of 2018/19 fee variations with sufficient confidence to set an adjusted scale fee at this point.
Buckinghamshire and Milton Keynes Fire Authority	Fire and Rescue Authority	Ernst & Young LLP	Neil Harris	nharris2@uk.ey.com	24,162	www.bucksfire.gov.uk	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Nottinghamshire and City of Nottingham Fire Authority	Fire and Rescue Authority	Ernst & Young LLP	Helen Henshaw	hhenshaw@uk.ey.com	23,909	www.notts-fire.gov.uk	No change to scale fee as variation relates to complex issues. In some cases we have been unable to disaggregate one-off and recurring components of 2018/19 fee variations with sufficient confidence to set an adjusted scale fee at this point.
County Durham and Darlington Fire and Rescue Service	Fire and Rescue Authority	Mazars LLP	Gavin Barker	gavin.barker@mazars.co.uk	23,710	www.ddfire.gov.uk	Recurring elements of 2018/19 fee variations included. Including ongoing elements does not increase the overall fee to be paid, it alters the timing of payment for ongoing additional work.
East Sussex Fire Authority	Fire and Rescue Authority	Ernst & Young LLP	Helen Thompson	hthompson2@uk.ey.com	23,690	www.esfrs.org	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Tyne and Wear Fire and Rescue Authority	Fire and Rescue Authority	Mazars LLP	Cameron Waddell	cameron.waddell@mazars.co.uk	23,590	www.twfire.co.uk	No change to scale fee as variation relates to complex issues. In some cases we have been unable to disaggregate one-off and recurring components of 2018/19 fee variations with sufficient confidence to set an adjusted scale fee at this point.
Bedfordshire Fire and Rescue Authority	Fire and Rescue Authority	Ernst & Young LLP	Neil Harris	nharris2@uk.ey.com	23,271	www.bedsfire.com	No change to the scale fee as there is no approved 2018/19 fee variation, or we are satisfied that there was no recurring element to any fee variation that was approved
Leicester, Leicestershire and Rutland Combined Fire Authority	Fire and Rescue Authority	Mazars LLP	Gavin Barker	gavin.barker@mazars.co.uk	22,520	www.leicestershire-fire.gov.uk	No change to scale fee as variation relates to complex issues. In some cases we have been unable to disaggregate one-off and recurring components of 2018/19 fee variations with sufficient confidence to set an adjusted scale fee at this point.

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EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting Scrutiny & Audit Panel

Date 29 April 2021

Title of Report Internal Audit Strategy and Plan

By Duncan Savage, Assistant Director Resources / Treasurer

Lead Officer Russell Banks, Chief internal Auditor, Orbis

Background Papers None

Appendices 1. Internal Audit Plan 2021/22

Implications

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

PURPOSE OF REPORT To provide an Internal Audit Plan for East Sussex Fire Authority covering the period 1 April 2021 to 31 March 2022.

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

The Internal Audit Strategy and Plan for 2021/22 is set out as Appendix 1. This Strategy and Plan has been produced on a risk basis, following consultation with senior officers, the Authority's external auditor, Ernst and Young (EY LLP) and the Chairman of Scrutiny & Audit Panel. The Strategy seeks to achieve a balance between ensuring that existing controls are maintained and that assurance can be given on key projects within the Authority's transformation programme.

This Strategy proposes a 79 day programme which includes a baseline of 70 days for new audits and 9 days carried forward from audits delayed from 2020/21. The Panel needs to consider whether this coverage is justified by the level of risk and the requirement for assurance.

The Panel should also recognise that senior management, the Fire Authority and the Head of Internal Audit can draw assurance from other independent sources, for example:

- The work of the external auditors reported in the Annual Audit Report and Annual Audit Letter
- The work of HMICFRS and its inspection reports
- The work of Aristi through their IT Healthchecks and reporting on information security.

70 days can be funded from within the existing budget held within the Resources/Treasurer Directorate. The additional 9 days will be subject to a bid against the 2020/21 Revenue Budget underspend (9 days @ £365 = £3,285).

The Annual Internal Audit Report and Opinion for 2020/21 would normally be presented to the Panel at this meeting, however, earlier than normal date of this meeting and the impact of Covid 19 means that work on a number of reviews is still ongoing, and as a result the report will be brought to the next Panel in July 2021. If any changes to the Strategy are then required they can also be addressed at that meeting.

RECOMMENDATION

The Panel is recommended to approve the proposed internal audit plan for 2021/22.

EAST SUSSEX FIRE & RESCUE SERVICE

INTERNAL AUDIT STRATEGY AND

ANNUAL AUDIT PLAN 2021/22



East Sussex
Fire & Rescue Service

1. Role of Internal Audit

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

1.2 The mission of Internal Audit, as defined by the Chartered Institute of Internal Auditors (CIIA), is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit is defined as *"an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."*

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

1.4 The full role and scope of the internal audit service is set out within our Internal Audit Charter; a copy of which has been attached to this report as Annex A.

2. Risk Assessment and Audit Planning

2.1 The Fire Authority's Internal Audit Strategy and Plan is updated annually and is based on a number of factors, especially management's assessment of risk (including that set out with the Authority's risk registers) and our own risk assessment of the organisation's major systems and other auditable areas. This allows us to prioritise those areas to be included within the audit plan on the basis of risk.

2.2 The update of the plan for 2021/22 has involved consultation with senior officers and the Chair of the Scrutiny and Audit Panel to ensure that their views on risks and current issues are identified and considered. The Fire Authority is subject to audit and inspection by other bodies, in addition to internal audit, including the external audit of the accounts. These additional sources of assurance have been taken into account as part of the planning process, primarily through discussion with the Assistant Director of Resources and Treasurer. As in previous years, we have also consulted with the Fire Authority's external auditor, Ernst & Young, which has included clarifying their approach to reliance on the work of internal audit.

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

- A programme of key financial systems reviews is conducted annually based on a risk assessment.
- Previous reviews which resulted in 'minimal assurance' audit opinions will be subject to a specific follow up review to assess the effective implementation by management of agreed actions. This will also include any previous reviews of high-risk areas which received a 'partial assurance' opinion.

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

3. Audit Approach

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

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

3.2 In addition, internal audit will continue to support management by providing informal advice and assistance throughout the year on key risk and control issues as required or as they arise.

4. Annual Internal Audit Plan 2021/22

4.1 In times of significant transformation, organisations must manage change effectively and ensure that core controls remain in place. Internal Audit must therefore be in a position to give an opinion that covers the control environment in relation to both existing systems and new developments.

4.2 As a result of the Covid-19 global pandemic, a number of jobs from the 2020/21 audit plan were either postponed or cancelled. Following consultation with senior management, we are proposing to deliver a programme of work in 2021/22 amounting to 79 days, of which 9 days are being assigned to deliver the postponed work from the 2020/21 audit plan. Details of all the planned work is set out in the following table:

Core Audit Activity

Postponed work from 2020/21 Audit Plan

Area	Outline Objective	Planned Days
Management of Capital Programme	This audit will review the management arrangements of the overall capital programme, including in relation to governance and decision-making, the sustainability of the capital budget, the prioritisation of projects, monitoring and reporting.	6
Counter Fraud Training	The delivery of counter fraud training to Fire Authority staff.	3

2021/22 Audit Plan

Area	Outline Objective	Planned Days
Key Financial Systems	<p>East Sussex Fire Authority use the main financial systems of East Sussex County Council, specifically:</p> <ul style="list-style-type: none"> • HR/Payroll • Accounts Payable • Accounts Receivable • Pensions • General Ledger <p>On a cyclical basis, dependent on perceived risk and the results of previous year's internal audit activity, we review these systems to ensure that key controls remain in place and operate effectively. As part of these audits, we will review process changes that have been implemented due to Covid-19 and provide advice on whether benefits could be realised in implementing these as part of standard practice.</p>	10
SAP Change Readiness	<p>The current SAP ERP system was implemented in 2004 and will no longer be supported beyond 2025. SAP contains a significant amount of Fire Authority Finance, Procurement and HR data for the authority, which will need to be reviewed and decisions made with regards to what, if any, data needs to be migrated into the replacement system.</p> <p>This audit will review the authority's readiness for a change in ERP system, including in relation to the cleansing and review of Procurement, HR and Finance data, as well as understanding where processes could be made more efficient with the replacement system.</p> <p>The timing of this audit will be dependent on the progress of the overall replacement programme, which is being managed by East Sussex County Council.</p>	5
Prevention & Protection Strategy	This audit will review the implementation of the Authority's Prevention & Protection Strategy, including how the authority looks to allocate resources, targets the most vulnerable people while ensuring that they are being provided with the right	7

Area	Outline Objective	Planned Days
	intervention and how the authority evaluates the effectiveness of the intervention they are providing.	
Insurance Arrangements	East Sussex Fire Authority are currently supported by the Fire & Rescue Indemnity Company (FRIC) for their insurance arrangements. This audit will assess the adequacy of processes for the internal processing of claims, record keeping, the reporting of claims to FRIC and arrangements for identifying lessons learned from any previous claims.	8
Post-BREXIT Supply Chain Management Arrangements	Following the Brexit transition period ending, this audit will seek to provide assurance that the Authority has robust and suitable supply chains in place, including arrangements for sufficient awareness of the markets in which they operate, identifying key areas of risk across their supply chains and the Authority's resilience planning in the event a supply chain were to fail.	7
Major Projects - FireWatch and CRM Project Management Lessons Learned	Two major projects (FireWatch and CRM) for the Authority are expected to be completed in 2021/22. Both have taken longer to implement than originally planned and CRM has required significant additional funding. Both have been more complex and seen changes of scope from the original business cases. This review will assess whether any lessons can be learned following the delays to each of the projects and that any challenges can be addressed as part of future working practices around project management.	7
Customer Service Management	To review the adequacy of arrangements in place over the customer service management process, including the handling of feedback, comments, suggestions and complaints, ensuring compliance with relevant legislation and local policy. In relation to the handling of complaints, we will provide assurance over controls to ensure complaints are dealt with in a timely manner and that relevant data is recorded and used for monitoring and performance improvement purposes.	8
Surveillance Cameras	This audit will review the effectiveness of the controls in place with regards to the deployment of surveillance camera systems in public spaces (including those on vehicles) and that any personal information captured is managed in accordance with data protection legislation.	8
Management and Advice	This includes the preparation of the Internal Audit Strategy and Plan, production of the Annual Internal Audit Report and Opinion, advice and ongoing liaison with management.	10

Postponed 2020/21 Audit Plan Days	9
2021/22 Audit Plan Days	70
Total Planned Days	79

5. Potential Future Reviews

5.1 The following areas have been identified during the audit plan consultation process and risk assessment but have not been incorporated within the 2021/22 audit plan. These will be subject to consideration as the year progresses and when planning audit work for future years:

- Human Resources Business Process Review (postponed from 2020/21. The latest project business plan suggests that implementation will start in 2022/23)
- IRMP Implementation
- Budget management
- Business continuity
- Information governance
- Robotics and AI
- Cloud Computing

6. Quality and Performance

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

6.2 The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment. The outcomes from these assessments, including any improvement actions arising, will be reported to the Scrutiny and Audit Panel, usually as part of the annual internal audit report.

6.3 In addition, the performance of the internal audit service to the Fire Authority continues to be measured against key service targets focussing on service quality, productivity and efficiency, compliance with professional standards, influence and our staff. These are all underpinned by appropriate key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target
Quality	<ul style="list-style-type: none"> • Annual Audit Plan agreed by Scrutiny and Audit Panel • Annual Audit Report and Opinion • Satisfaction levels 	<ul style="list-style-type: none"> • June • June • 90% satisfied
Productivity and Process Efficiency	<ul style="list-style-type: none"> • Audit plan – completion to draft report stage by 31 March 2022 	<ul style="list-style-type: none"> • 90%
Compliance with Professional Standards	<ul style="list-style-type: none"> • Public Sector Internal Audit Standards • Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act 	<ul style="list-style-type: none"> • Conforms • Conforms

Aspect of Service	Orbis IA Performance Indicator	Target
Outcomes and Degree of influence	<ul style="list-style-type: none">• Agreement to audit findings	<ul style="list-style-type: none">• 95%
Our staff	<ul style="list-style-type: none">• Professional Qualified/Accredited	<ul style="list-style-type: none">• 80%

6.4 At a detailed level, each audit assignment is monitored and subject to appropriate manager review. Customer feedback is also sought.

Russell Banks CMIIA

Orbis Chief Internal Auditor and Chief Internal Auditor for East Sussex Fire Authority

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ANNEX A

INTERNAL AUDIT CHARTER

1. Introduction

This Charter describes for the Fire Authority the purpose, authority and responsibilities of the Internal Audit function in accordance with the UK Public Sector Internal Audit Standards (PSIAS).

The PSIAS require that the Charter must be reviewed periodically and presented to “senior management” and “the board” for approval. For the purposes of this charter “senior management” will be the Senior Leadership Team (SLT) and the board will be the Scrutiny and Audit Panel (described generically in this Charter as the Audit Committee).

The Charter shall be reviewed annually and approved by SLT and the Audit Committee. The Head of Internal Audit is responsible for applying this Charter and keeping it up to date.

2. Internal Audit Purpose

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Internal Audit is defined in the PSIAS as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Internal Audit supports the whole Authority to deliver economic, efficient and effective services and achieve its vision, priorities and values.

3. Statutory Requirement

The requirement for an Authority to maintain an Internal Audit function is derived from local government legislation, including Section 112 of the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015 in that a relevant body must:

“maintain an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”

The responsibility for ensuring an effective internal audit function rests with the Authority Treasurer as part of their Section 112 obligations.

The regulations require any officer or Member of the Fire Authority to

- make available such documents and records; and
- supply such information and explanations;

as are considered necessary by those conducting the audit.

This statutory role is recognised and endorsed within the Fire Authority's Financial Regulations.

4. Internal Audit Responsibilities and Scope

Annually the Head of Internal Audit is required to provide to the Audit Committee an overall opinion on the Fire Authority's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

Internal Audit is not responsible for control systems. Responsibility for effective internal control and risk management rests with the management of the Fire Authority.

Internal Audit activity must be free from interference in determining the scope of activity, performing work and communicating results.

The scope of Internal Audit includes the entire control environment and therefore all of the Fire Authority's operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessment (as set out within Fire Authority risk registers). Extensive consultation also takes place with key stakeholders and horizon scanning is undertaken to ensure audit activity is proactive and future focussed.

Internal audit activity will include an evaluation of the effectiveness of the organisation's risk management arrangements and risk exposures relating to:

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

5. Independence

Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors should have no operational responsibilities.

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Head of Internal Audit has direct access to, and freedom to report in their own name and without fear of favour to, all officers and Members and particularly those charged with governance.

All Internal Audit staff are required to make an annual declaration of interest to ensure that objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

ANNEX A

6. Reporting Lines

Regardless of line management arrangements, the Head of Internal Audit has free and unfettered access to report to the S112 Officer; the Monitoring Officer; the Chief Executive; the Audit Committee Chairman; the Chairman of the Fire Authority and the Fire Authority's External Auditor.

The Audit Committee will receive reports on a periodic basis – as agreed with the Chairman of the Audit Committee – on the results of audit activity and details of Internal Audit performance including progress on delivering the audit plan.

7. Fraud & Corruption

Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will however be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Fire Authority's Anti Fraud and Corruption Strategy.

The Head of Internal Audit should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

Internal Audit will promote an anti-fraud and corruption culture within the Fire Authority to aid the prevention and detection of fraud.

8. Consultancy Work

Internal Audit may also provide consultancy services, generally advisory in nature, at the request of the organisation. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit and, where this work is not already included within the approved audit plan and may affect the level of assurance work undertaken; this will be reported to the Audit Committee.

9. Resources

The work of Internal Audit is driven by the annual Internal Audit Plan, which is approved each year by the Audit Committee. The Head of Internal Audit is responsible for ensuring that Internal Audit resources are sufficient to meet its responsibilities and achieve its objectives.

Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.

The Head of Internal Audit is responsible for appointing Internal Audit staff and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Head of Internal Audit may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

ANNEX A

10. Due Professional Care

The work of Internal Audit will be performed with due professional care and in accordance with the UK Public Sector Internal Audit Standards (PSIAS), the Accounts and Audit Regulations (2015) and with any other relevant statutory obligations and regulations.

In carrying out their work, Internal Auditors must exercise due professional care by considering:

- The extent of work needed to achieve the required objectives;
- The relative complexity, materiality or significance of matters to which assurance procedures should be applied; and
- The adequacy and effectiveness of governance, risk management and control processes;
- The probability of significant errors, fraud or non-compliance; and
- The cost of assurance in proportion to the potential benefits.

Internal Auditors will also have due regard to the Seven Principles of Public Life – Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership.

11. Quality Assurance

The Head of Internal Audit will control the work of Internal Audit at each level of operation to ensure that a continuously effective level of performance – compliant with the PSIAS is maintained.

A Quality Assurance Improvement Programme (QAIP) is in place which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:

- Performs its work in accordance with its charter;
- Operates in an effective and efficient manner; and,
- Is adding value and continually improving the service that it provides.

The QAIP requires a bi-annual review of the effectiveness of the system of Internal Audit to be conducted. Instances of non-conformance with the PSIAS, including the impact of any such non-conformance, must be disclosed to the Audit Committee. Any significant deviations must be considered for inclusion in the Fire Authority's Annual Governance Statement.

April 2021

EAST SUSSEX FIRE AND RESCUE SERVICE

Panel: Scrutiny & Audit Panel

Date 29 April 2021

Title of Report Corporate Risk Register Review Quarter 4 2020/21

By Duncan Savage, Assistant Director Resources/Treasurer

Lead Officer Parmjeet Jassal, Finance Manager and Ellen Williams Risk & Insurance Officer

Background Papers Scrutiny and Audit Panel 23 July 2020 - 2020/21 First Quarter Corporate Risk Register Review
 Scrutiny and Audit Panel 18 November 2020 - 2020/21 Second Quarter Corporate Risk Register Review
 Scrutiny and Audit Panel 21 January 2021 - 2020/21 Third Quarter Corporate Risk Register Review

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

Implications

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

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

EXECUTIVE SUMMARY This report discusses the fourth quarter position. It details the business risks identified, including newly identified risks and how they have or are being mitigated.

Two new risks have been agreed for addition by SLT, and these are recorded at Corporate Risk (CR) 15 Health & Safety non-compliance and Corporate Risk (CR) 16 Workforce Planning – Operational Competence. In addition, suggested minor changes to risk actions and review dates have been highlighted in italics.

CR15 Health & Safety Non-compliance is assessed on a residual risk basis as 12 – substantial. This is due to the lack of an effective system for following up the implementation of actions recommended as a result of Incident Investigations. This has resulted in failure to implement agreed recommendations and the reoccurrence of certain types of incident. Action is being taken as a matter of urgency to address this risk. This includes:

- Ensure investigation recommendations are placed on CAMMS to ensure progress is visible and completion monitored
- Log of all outstanding actions from H&S Investigations provided to ADs so they can provide updated position on implementation
- Assistant Directors to receive a quarterly report from the H&S team with outstanding actions
- All Outcomes to be discussed at DMTs.
- Outstanding actions to be highlighted and discussed at the HSWC
- H&S BPs to work with the appropriate departmental managers to agree suitable timescales and priority

The risk and the mitigations above will be reviewed at Health, Safety and Wellbeing Committee in May.

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.

Project Risks are reported through the Programme Management Office and escalated to the Corporate Risk Register when relevant.

RECOMMENDATION

The Scrutiny & Audit Panel is recommended to:

- a) Note and approve the Q4 Corporate Risk Register including updates made since Quarter 3; and
 - b) Identify any further information or assurance required from Officers
-

1 INTRODUCTION

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

2 CHANGES SINCE QUARTER 3

2.1 All risks have been updated with further/updated actions recorded in italics and two new risks added at CR15 and CR16, however, there has been no change in risk scoring for the previously identified risks.

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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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Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
CR1	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 management actions not completed in accordance with safety event reports 	<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 H&S peer review and implementations of findings 5 year audit plan Acceleration of "facefit" programme for respirators using external contractor 1st year overview of delivery of Regional H&S Audit Action Plan presented to Oct 2020 HSWC 	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 For implementation in <i>October 2021</i> Developing the H&S legal register Implement the 2nd year of the 3 year action plan drawn together following the Regional H&S audit undertaken in July 2019 with Ensure investigation recommendations are placed on CAMMS to ensure progress is visible and completion monitored 	June 2021	AD People Services

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
C CR2	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 Impact of Covid 19 	<ul style="list-style-type: none"> 2021/22 budget agreed Medium Term Finance Plan (MTFP) refreshed including Covid 19 impacts Efficiency Strategy agreed and being progressed Business Rates Pool extended for 2021/22 Continued monitoring of BRR proposals. Delivery of savings monitored and reported to SLT and Fire Authority 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 “Star Chamber” budget scrutiny as part of the budget setting process Covid costs and savings monitored monthly against grant allocation Initial high level assessment of potential financial cost of McCloud / Sargeant pension remedy IRMP financial impacts built into MTFP Lobbying in advance of Comprehensive Spending Review via National Fire Chiefs Council (NFCC) and local MPs 	Impact = 2 Likelihood = 3 Score = 6 Moderate	<ul style="list-style-type: none"> Exploration of potential new areas for efficiencies as set out in the budget papers Continued review of opportunities for grant funding e.g. CIL Review of sustainability of capital programme Reviewing plans for use of one off Protection Surge / Grenfell Infrastructure Grant Awaiting announcement of CSR21 Monitoring implications of EU exit on costs including potential tariffs on certain goods and services 	September 2021	AD Resources / Treasurer

<p>C CR3</p>	<p>Ability to meet developing legislative requirements evolving from central fire safety regulatory reviews</p>	<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 competence 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 • Assessment of the Grenfell Tower Phase 1 report and local ESFRS action plan in place • Monitoring of emerging Fire safety and Housing Bill • Fire Safety Government Consultation to strengthen the fire safety order and implement the Grenfell Tower Phase 1 report 	<p>Impact = 2 Likelihood = 3</p> <p>Score = 6 Moderate</p>	<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. • Sector is lobbying Govt. for additional funding for investment in protection services • Investment in CRM and related mobile devices/software to enable required flexibility and mobile working to improve efficiency in work processes, ensure delivery of reviewed RBIP, BRR and respond to internal audit findings to ensure full compliance with legislation. • Deliver the Building Risk Review • Respond to fire safety consultation • Utilise the Government Protection Funding to identify improvement and support for existing protection team. • LFB secondment for 6 months to gain an additional external assessment of preparation for compliance against both building and fire safety bills. 	<p>June 2021</p>	<p>ACFO</p>
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Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
C CR4	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 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 Redesign current talent pool process at each operational level within the Organisation 	Impact = 2 Likelihood = 4 Score = 8 Moderate	<ul style="list-style-type: none"> Strategic Workforce Plan to be signed off at March SLT Embed and reinforce workforce plan. To explore and introduce a Benefits Framework and a market supplement process for professional service jobs (2021/22) To re-engineer the recruitment and selection processes for professional services To review salary structure with Hay (2022/23) 	June 2021	AD People Services
CR5	Failure to mobilise effectively	<ul style="list-style-type: none"> ESFC incident / significant system failure Software providers unable to maintain support for system over longer term. Loss of staff resulting in insufficient staff to maintain business as usual operational service 	<ul style="list-style-type: none"> Fall-back and business continuity arrangements designed, tested and operating (this includes fully functional secondary control at Maresfield. Refreshed approach to attendance management. Crewing degradation policy in place. Resilience plan in place and being managed via weekly conference calls WSFRS exit from joint control successfully achieved Interim single service model developed for period Dec 2019 to March 2021 and now operating. New trainees course complete Required additional funding identified and agreed for interim period Authority has approved future transition to partnership with Surrey and West Sussex FRS through Project 21. Project 21 now mobilised and progress on track including effective joint working across partner FRS Phase One, Two and Three Station end equipment completed. 	Impact = 4 Likelihood = 2 Score = 8 Moderate	<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 recruitment if necessary Crewing resilience hierarchy in place. Wi-Fi rollout 90% complete 4i Vendor support due to be signed off March 2021 	September 2021	DCFO

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
C CR6	Failure to manage the effects and impacts of a major loss of staff event	<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. Close working with NFCC to determine local and regional resilience New National Security Risk Assessment for industrial action prompting Sussex Resilience Forum support IRMP proposals for Operational Response Plan (ORP) and flexible on-call contracts to improve resilience approved September 2020 	Impact = 3 Likelihood = 3 Score = 9 Moderate	<ul style="list-style-type: none"> The established continuity handbook(informed by the NFCC prioritised activities) for staff to assist in managing the early stages of a major loss of staff has been reviewed following the HMIC&FRS audit and EU Transition. Worked through the COVID pandemic with other agencies as part of the SRF. Set up a Covid Working group internally and developed a COVID 19 Response & Recovery document which details further loss of staff action plans. 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 IRMP implementation team taking forward ORP and new on-call contracts. 	September 2021	ACFO

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
C CR7	Inability to respond effectively to a cyber incident	<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"> telent to progress IT Risk Treatment Plans Annual IT Health Checks now scheduled Information Security Management Forum meeting on a regular basis Information Security e-learning in place Annual review of ISO27001 gap analysis Implement Information Security Management System New suite of Information Security policies in place Annual IT Health Checks implemented along with associated telent mitigation plans 	Impact = 4 Likelihood = 2 Score = 8 Moderate	<ul style="list-style-type: none"> Information Security Project closedown – following completion. Telent (working with Aristi) progressing risk treatment plans following scheduled 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. IT Health Checks taking place in Dec 2020 (interim) and then again Jul 2021. ESFC IT Health Check risks to be remediated as part of Project 21 4i decommissioning phase, which will be completed in Mar 2022 Progress towards ESFRS achieving Cyber Essentials Plus accreditation in 2022, in line with NFCC IT Managers' agreed FRS cyber accreditation standard 	June 2021	DCFO

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
C CR8	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. Strategic Change Board in place 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 New PMO structure, terms of reference and funding agreed by SLT to meet the business need. Additional Estates project management capacity in place (Major Capital Projects Manager) 	Impact = 3 Likelihood = 2 Score = 6 Moderate	<ul style="list-style-type: none"> Reports further developed for Strategic Change Board and exception reporting at SLT. Compliance against project monitoring improving Carrying out Project health checks with PMs Implement agreed actions from Internal Audit Report (reasonable assurance opinion) PMO quarterly drop in sessions in place. 	June 2021	AD Planning & Improvement
Page 115	Collaboration	<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 Update report on the agreed collaborations (as outlined in the Collaboration Framework) to SLT in May 2020 	Impact = 3 Likelihood = 2 Score = 6 Moderate	<ul style="list-style-type: none"> Regular review of collaborative activities through SLT and Scrutiny and Audit Panel Full update report to SLT and the FA in January 21 to concentrate on efficiencies Meeting with 4F Collaboration leads to identify areas of focus for 2021/22(March 21) 	June 2021	AD People Services

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
C CR10	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 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 Initial phase of security improvements at STC completed New security gates installed at STC 	Impact =3 Likelihood = 3 Score = 9 Moderate	<ul style="list-style-type: none"> Feasibility study for enhancements to training facilities including a clean burn strategy approved at Change Board in Oct 2020 and being commissioned, <i>now</i> FBC being developed with full costings and will go to June 21 Change Board 	June 2021	AD People Services
CR11	Workforce planning	<ul style="list-style-type: none"> Response to the McCloud and Sargeant cases lowering potential retirement ages Financial implications of reinstatement to old schemes Loss of senior level experienced officers and staff earlier than expected Failure to interpret rules or legislation correctly Immediate Detriment Cases 	<ul style="list-style-type: none"> Access professional legal advice where necessary FPS administration successfully transitioned to WYPF wef 1 April 2020 Initial high level assessment of potential financial cost of McCloud / Sargeant pension remedy. 	Impact =3 Likelihood = 2 Score = 6 Moderate	<ul style="list-style-type: none"> monitoring developments through LGA / NFCC / Home Office liaising with our actuary to ensure liabilities are reflected in IAS19 reports issuing communications to staff to keep them informed Paper to SLT (April / May 21) following joint legal advice in relation to Immediate Detriment cases with position and recommendations to approach 	June 2021	AD People Services

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
C CR12	Spread of infectious pandemic diseases	<ul style="list-style-type: none"> Risk to workforce and service delivery over the spread of Covid – 19 (corona virus) 	<ul style="list-style-type: none"> SRF meet every week to review current issues PHE are monitoring and assessing the risk to public health in the UK and providing guidance to emergency services Guidance business service and operations on protocols for dealing with high consequence infectious diseases. Organisational update of business continuity plans reviewed to ensure fit for purpose EMT now established Covid 19 Working Group and supporting cells in place and local BC plans being reviewed. Regular staff updates in both service brief and by email. Monthly reporting of Covid 19 costs through NFCC to Home Office and MHCLG – Covid 19 grant received expected to address short term financial impacts Access to test facilities for key workers Established PPE supply chain and key organisational working practices to prevent infection/spread of virus within service. Premises risk assessments for covid safe premises. Weekly monitoring of Sussex health system and Covid data via Sussex Monitoring Group National PPE guidance to be released. ESFRS BC plans reviewed and tested against Reasonable Worst Case Scenario SRF Pandemic Flu Plans updated and published Weekly Common Operating Picture established by SRF 	Impact =3 Likelihood = 2 Score = 6 Moderate	<ul style="list-style-type: none"> Public awareness communication plan has been shared by the Sussex Resilience Forum, but needs to be reviewed as past review date. Local Outbreak Plans prepared and now needs to be exercised Review of longer term impacts of mental health and well-being 	June 2021	DCFO
Page 113	Ageing workforce	<ul style="list-style-type: none"> Increasing ageing workforce Increasing number of age related injuries Increase in injury recovery times having a cost to recovery Increase into alternative specialist equipment causing further costs Increased number of ill health retirements 	<ul style="list-style-type: none"> Trained personnel in manual handling training Membership to Fire And Recuse Risk Group (FARRG) help discuss ongoing issues with other services may have already dealt with including issues with National Resilience Equipment Wellbeing strategy that is looking at supporting an ageing workforce Service Fitness Advisor embedded into the Complex Case Mgt review meetings Reviewing manual handling training via station assurance programme Weekly absence stats scrutinised by ADs to identify trends Complex Case Mgt Review meetings review cases specifically to assist in addressing this issue Training video for operational crews in relation to patient handling/carrying 	Impact =3 Likelihood = 2 Score = 6 Moderate	<ul style="list-style-type: none"> Review of sufficient or appropriate training 2021/22 we will be scoring compliance manual handling training policy 	June 2021	AD People Services

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
C CR14	Uncertainty about the UK's transition from the EU and it's short term impacts	<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 Data warehousing located in EU stores 	<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 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 Gold Group now subsumed within EMT main planning forum D20 group launched and reviewed monthly Relaunch of external emergency planning Review of Business Continuity plans completed 	Impact = 2 Likelihood = 3 Score = 6 Moderate (increased from 4 – Tolerable)	<ul style="list-style-type: none"> Considering financial risk impact as part of budget setting - Continuing to monitor national and regional plans for EU transition on 30 December 2020 	June 2021	DCFO
15	Health & Safety non-compliance	<ul style="list-style-type: none"> Management actions not completed in accordance with safety event reports 	<ul style="list-style-type: none"> Ensure investigation recommendations are placed on CAMMS to ensure progress is visible and completion monitored Log of all outstanding actions from H&S Investigations provided to ADs so they can provide updated position on implementation 	Impact = 4 Likelihood = 3 Score =12 Substantial	<ul style="list-style-type: none"> Assistant Directors to receive a quarterly report from the H&S team with outstanding actions All Outcomes to be discussed at DMTs. Outstanding actions to be highlighted and discussed at the HSWC H&S BPs to work with the appropriate departmental managers to agree suitable timescales and priority 	May 2021	AD People Services

Ref	Risk Title	Causes	Mitigations	Mitigated Risk Score	Actions	Review Date	Corporate Risk Owner
C CR16	Workforce Planning – Operational competence	<ul style="list-style-type: none"> Workforce modelling suggests that ½ of the operational workforce can retire over the next 5 years. Therefore, there will be a loss of operational knowledge 	<ul style="list-style-type: none"> Workforce planning group providing collective understanding of current picture and forecasting through resource management plan. Firefighter recruitment review and actions. Maintain a transfer pool approach 	Impact = 4 Likelihood = 2 Score = 8 Moderate	<ul style="list-style-type: none"> Ensure focus on development of those with potential through equitable and fair pathways Supervisory and model manager Leadership development supportive programme Mentoring/Coaching as an assistive tool Gap analysis of competencies that are at high risk of not being retained. Alternative options for securing specialist skills (sharing with other services) 	December 2021	AD Safer Communities

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EAST SUSSEX FIRE AUTHORITY

Meeting: Scrutiny & Audit Panel

Date: 29 April 2021

Title of Report: Assessment of the Corporate Framework and Annual Governance Statement for 2020/21

By: Mark O'Brien, Deputy Chief Fire Officer
Liz Woodley, Deputy Monitoring Officer
Duncan Savage, Assistant Director Resources/Treasurer
Mark Matthews, Assistant Chief Fire Officer (Annual Statement of Assurance)

Lead Officer: Abi Blanshard, Senior Democratic Services Officer

Background Papers: Local Code of Corporate Governance

Appendices:

1. Annual Governance Statement 2020/21
2. Local Code of Corporate Governance
3. Local Code of Corporate Governance – Key Policies and Processes
4. 2019/20 Action Plan Update
5. Annual Statement of Assurance

Implications (please tick ✓ and attach to report)

Any implications affecting this report should be noted within the final paragraphs of the report

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

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

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

The review has been carried out by the Assurance and Governance Group of senior officers in line with the

Authority's Local Code of Corporate Governance which has been reviewed and is consistent with the seven principles of good governance as identified in the CIPFA/SOLACE 2016 Framework - "Delivering Good Governance in Local Government".

As part of this review we have not identified any gaps in assurance over key risks or significant governance issues. The Authority has, however, identified a range of improvements to its corporate governance framework. Action Plans are in place to address the necessary improvements and these will be monitored during the year.

The draft Annual Governance Statement (Appendix 1) will be included in the draft Statement of Accounts 2020/21 when these are published on 31 May 2021, and was approved by Senior Leadership Team on 25 March 2021 prior to reporting to this Panel.

Section 21 of the Fire and Rescue Services Act 2004 provides the statutory authority for the Fire and Rescue National Framework for England and requires FRAs to have regard to the Framework in carrying out their functions. In line with this, the Framework requires FRAs to provide assurance on financial, governance and operational matters and in doing so they must publish an Annual Statement of Assurance.

The Statement of Assurance is seen by Government as an important measure that will ensure that FRAs provide local scrutiny arrangements and access to a range of information to help communities influence, and be assured of the robustness of local delivery arrangements.

East Sussex Fire and Rescue Service's annual Statement of Assurance has taken note of the guidance and is attached as Appendix 5.

RECOMMENDATION:

The Panel is recommended to:

- (i) confirm that they are satisfied with the level of assurance provided to them through this report and the Authority's governance framework and processes; and
 - (ii) approve the Annual Governance Statement for signing by the Scrutiny & Audit Panel Chairman and the Chief Fire Officer.
-

INTRODUCTION

1. Sound Corporate Governance is crucial if the Authority is to continue to provide leadership, direction and control. The Annual Governance Statement provides an opportunity for the Authority to assess and report transparently to the public how it ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
2. The Authority has a local Code of Corporate Governance which is consistent with best practice guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), and revisions to the Authority's internal processes. .
3. The Accounts and Audit Regulations 2015 require the Authority to ensure that it has in place a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for risk management. The Authority is required to conduct an annual review of the effectiveness of its system of internal control and to prepare an annual governance statement in accordance with proper practices to accompany its Statement of Accounts.
4. The production of an Annual Governance Statement is the final stage of an on-going process of review of our governance arrangements including risk management and internal control. In summary, the process must involve an organisation reviewing the adequacy of its governance arrangements, developing an action plan for improving those arrangements, and communicating the framework to users and stakeholders.
5. This report was prepared with the Assurance and Governance Group of senior officers and approved by Senior Leadership Team on 25 March 2020.
6. The Authority's corporate governance framework is underpinned by a number of key documents and processes. These are summarised in section 4 of the Annual Governance Statement (Appendix 1).
7. The main policies and strategies that make up the Authority's corporate governance framework are summarised in the Local Code of Corporate Governance (Appendix 2 and 3). The Local Code of Corporate Governance has been reflects the current CIPFA/SOLACE 2016 Framework. The sources of assurance in place for each of these policies and strategies have been reviewed and where the need for improvement has been identified this is set out within the Annual Governance Statement.
8. Evidence shows that the Authority continues to have in place good arrangements for corporate governance and that they are working effectively.
9. The Annual Governance Statement includes the mandatory disclosure of any significant governance issues identified through the Authority's governance and internal control arrangements. Appendix 4 to this report sets out the progress that has been made against the areas for improvement identified in the Annual Governance Statement for 2019/20.
10. Since 2013 the Authority has also been required to produce an Annual Statement of Assurance on an annual basis in line with the requirements of the Fire and

Rescue National Framework and DCLG guidance issued in May 2013. Whilst there is some overlap between this statement and the Annual Governance Statement, officers have decided to continue to publish them separately in order that their separate and distinct objectives are transparently fulfilled. The Annual Statement of Assurance is presented at Appendix 5 to this report.

11. The Annual Governance Statement will be reviewed by our external auditors, Ernst & Young LLP, as part of their audit of the 2020/21 accounts.
12. The requirement to publish an annual Statement of Assurance is contained within the Fire and Rescue National Framework for England. Section 21 of the Fire and Rescue Services Act 2004, Fire and Rescue Authorities must pay heed to the requirements of the Framework.
13. The Statement of Assurance incorporates headings covering financial, governance and operational matters to provide assurance that the Fire Authority has shown due regard to the requirements of the Fire and Rescue National framework and the expectations set out in the Fire Authorities Integrated Risk Management Plan. It is intended that where possible, it should not duplicate information publicly available elsewhere but should provide sufficient contextual information but then point the reader to where more comprehensive information can be found.
14. The Statement of Assurance will also be used as a source of information on which to base the Secretary of State's biennial report under Section 25 of the Fire and Rescue Services Act 2004.

Mark O'Brien
DEPUTY CHIEF FIRE
OFFICER

Duncan Savage
ASSISTANT DIRECTOR
RESOURCES /
TREASURER

Liz Woodley
DEPUTY MONITORING
OFFICER

29 April 2021

East Sussex Fire Authority

Annual Governance Statement 2020/21

1. Scope of Responsibility

East Sussex Fire Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Accounts and Audit Regulations 2015 require the Authority to prepare an annual governance statement, which must accompany the statement of accounts. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Authority has approved a code of corporate governance, which is consistent with the seven principles of good governance as identified in the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) 2016 Framework – “Delivering Good Governance in Local Government”. This statement explains how the Authority has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015.

2. The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

3. The Governance Framework

The Annual Governance Statement (AGS) provides a summary of the extent to which the Authority meets the seven principles of good governance as identified in the “Delivering Good Governance in Local Government” Framework 2016.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Authority’s Purpose and Commitments are at the centre of everything that we do and are published on our website. The Authority has a strong culture based on our shared values of pride, accountability, integrity and respect. The Authority achieves this by adopting, monitoring and keeping under review:

- A Code of Conduct for Members, built upon the Nolan Principles of Public Life;
- An Officer Code of Conduct;
- A Register of Members’ Interests;
- A register of Officer Declarations of Conflicts of Interest and declarations of Gifts and Hospitality accepted;
- Comprehensive induction programmes for both Officers and Members built on the standards of behaviour expected, supported by appropriate training;
- A Competency Framework and Appraisal Scheme used for improving organisational performance through focusing and reviewing each individual’s ability and potential;
- Member Panels with clear responsibilities for governance, audit and standards;
- Effective Anti-Fraud, Bribery and Corruption policies allowing for reporting and actioning any incidents; and
- A whistleblowing policy providing protection to individuals raising concerns.

The Authority ensures that appropriate legal, financial and other professional advice is always considered as part of the decision-making process and observes both specific requirements of legislation and general responsibility by Law.

The roles of the Authority’s statutory officers are outlined in the Constitution, there are clear arrangements for the discharge of the statutory functions of the Head of Paid Service, Monitoring Officer and Treasurer. The Authority also ensures compliance with the Chartered Institute of Public Finance and Accountancy’s Statement on the Role of the Chief Finance Officer.

The Authority is transparent about how decisions are taken and recorded. The Authority does this by:

- Ensuring that decisions are made in public and recorded. Those decisions and relevant information are publicly available (except where that information is exempt under the provisions of the Local Government Act or determined as being confidential by Government);

- Having rules and procedures which govern how decisions are made.

The Authority has a published Whistleblowing Policy and provides protection to individuals raising concerns. This policy is periodically reviewed in line with guidance.

The Authority ensures that effective, transparent and accessible arrangements are in place for dealing with complaints. The website contains guidance for submitting complaints against the authority by the public and processes are in place to progress any complaints that are made.

Principle B – Ensuring openness and comprehensive stakeholder engagement

The Authority responds to the views of stakeholders and the community in the following ways:

- Publishing a Corporate Plan that sets out our purpose and commitments to the community and the outcomes we intend to achieve;
- An established business planning process, including the development of a published medium term finance plan;
- Regular, published reporting of performance against the Authority's key performance indicators;
- The Authority has approved and implemented a comprehensive Communications & Consultation Strategy setting out a range of methods of engaging with the community and stakeholders, include those groups which are harder to reach;
- The Authority recognises that people are different and gives everyone the same or an equal opportunity to information, advice and support in ways that are suited to the needs or circumstances of the individual;
- The Authority has a clear guidance and defined approach which promotes good governance in our partnership working and collaboration;
- Providing the public with the opportunity to ask questions, submit petitions or make representations to the Authority;
- Publishing the Integrated Risk Management Plan (IRMP) providing information in relation to how the Authority delivers its services;
- Providing a modern, effective IT strategy and solution that meets the needs and aspirations of the organisation and the communities that we serve.

The Authority understands the key role that it has to play in supporting collaboration and partnership working within East Sussex and the City of Brighton & Hove and the role that our partners play in assisting the Authority to deliver on its objectives.

The Authority ensures good governance in respect of partnerships and collaboration by:

- Having an approved and published Collaboration Framework containing clear collaboration priorities
- Reviewing and evaluating partnerships on a regular basis;
- Auditing partnership and collaboration frameworks and policies through internal audit; and
- Ensuring that partnerships and collaborations offer value and contribute to the Authority's strategic objectives.

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

The Authority publishes on our website our Corporate Plan which reports on what has been achieved during the past year and what we intend to achieve to meet our purpose and commitments for the forthcoming year. The document outlines our purpose and values and is used as the basis for all corporate and service planning.

In delivering its purpose and commitments, the Authority reports regularly on activities, performance and the financial position. Timely, objective and understandable information relating to the Authority's activities, achievements, performance and financial position is provided through the publishing of:

- An Integrated Risk Management Plan, covering a period of three or five years;
- A Medium Term Financial Plan;
- A clear framework for financial governance based on Contract Standing Orders and Financial Regulations;
- Established budgeting systems, clear budget management guidance and regular reporting of financial performance against budget forecasts to Officers and Members;
- Externally audited accounts;
- Detailed performance information.

The Authority considers the governance implications of its actions and has undertaken an external review of its corporate governance. The Authority has established and updated its Local Code of Corporate Governance to be consistent with the principles of the CIPFA/SOLACE Framework – “Delivering Good Governance in Local Government”.

The Authority is committed to delivering high quality services to the public in an efficient and effective way. The Authority does this by:

- Delivering services to meet local needs through the Strategic Plan incorporating the Integrated Risk Management Plan, and putting in place policies and procedures to ensure that they operate effectively in practice;
- Developing effective relationships and partnerships with other public sector agencies and the private and voluntary sectors;
- Actively pursuing and implementing collaboration opportunities with the Police, Ambulance, other Fire Services and other local authorities;

- Responding positively to the findings and recommendations of external auditors, reviewers and statutory inspectors and putting in place arrangements for the implementation of agreed actions;
- Comparing information about services with those provided by similar organisations, assessing why levels of efficiency, effectiveness and quality are different and considering alternative means of service provision, processes and procurement to maximise opportunities and improve value for money where appropriate.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

To achieve this, the Authority has:

- A detailed Medium Term Financial Plan which includes actions to ensure financial sustainability;
- A performance management and assurance framework to ensure plans are met and remedial action taken;
- Processes in place to ensure that data quality is high, so as to enable objective and rigorous decision making;
- Monthly Senior Leadership Team (SLT) meeting together with regular Assistant Director meetings where issues are raised and actions agreed;
- A risk management process to identify where interventions may be required;
- A sound understanding of risk in our community and service demand (current and future) which informs resource allocation decisions.

Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it

The Authority ensures that the necessary roles and responsibilities for effective Governance are identified and allocated through its Constitution so that it is clear who is accountable for decisions that are made. The Authority does this by:

- Electing a Chairperson, establishing Panels and nominating Member Leads with defined responsibilities;
- A clear scheme of delegated responsibilities to Senior officers;
- Undertaking a regular review of the Constitution;
- Having effective and comprehensive arrangements for the scrutiny of services;
- Making the Chief Fire Officer responsible and accountable for all aspects of operational management;
- Ensuring that at all times arrangements are in place for the proper administration of its financial affairs (Section 112 Officer);
- Ensuring that at all times arrangements are in place for ensuring actions are taken in accordance with Statute and Regulation (Monitoring Officer);
- Developing protocols that ensure effective communications between Members and Officers.

The Authority aims to identify the development needs of Members and Senior Officers in relation to their strategic roles and ensure that they are supported by appropriate training. The Authority ensures that those charged with governance have the skills, knowledge and experience they need to perform well. The Authority does this by:

- Operating robust and transparent recruitment and selection processes;
- Cascading regular information to Members and staff;
- Regular Member Seminars providing a forum for sharing information, consultation, training and demonstration of operational procedures;
- Providing resources that support Member and Officer development;
- Promoting schemes supporting ongoing professional development;
- Undertaking the annual appraisal of the Chief Fire Officer and setting objectives that contribute to the Authority's purpose and commitments, strategy and plans and that incorporate key development needs.

The Authority is fully compliant with the principles outlined in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Treasurer to the Authority is professionally qualified and suitably experienced. The Treasurer plays a central role in providing a strategic insight to the direction and control of Authority business decisions affecting financial resources. They ensure compliance with financial standards and gives due consideration to the economic, efficient and effective use of resources. The Treasurer works closely with the Chief Fire Officer in ensuring the finance function provided is fit for purpose and that the management of the Authority's resources is robust.

Principle F – Managing risks and performance through robust internal control and strong public financial management

The Constitution sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent and accountable to local people. Areas of potential change are identified and the Constitution is amended accordingly.

The Authority has commissioned a full independent review of its constitution to ensure that it is both current and robust. The review is ongoing and once complete will be presented to the Combined Fire Authority for consideration and formal adoption.

The Authority has risk management framework, which takes account of both strategic and operational risks and ensures they are appropriately managed and controlled. This approach aids the achievement of its strategic priorities, supports its decision making processes, protects the Authority's reputations and other assets and is compliant with statutory and regulatory obligations. The Authority ensures that the risk management approach:

- Enables a culture of risk awareness;
- Formally identifies and manages risks;
- Involves elected members in the risk management process;
- Maps risks to financial and other key internal controls;

- Documents and records details of risks and is developing a risk management information system;
- Monitors the progress in mitigating significant risks, and reports this to Members;
- Reviews and, if required, updates its risk management process at least annually;
- Considers risk within all projects.

The Authority utilises the findings and suggestions of Internal Audit, External Audit, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and other review agencies, statutory bodies and inspectorates to assist in the management of risk and performance.

The Scrutiny & Audit Panel provides independent assurance of the risk management framework and the internal control environment. It provides an independent review of the Authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

To achieve this, the Authority:

- Publishes relevant information relating to salaries, business interests and performance data on its website;
- Has a Procurement team who provide advice and issue clear guidelines for procuring goods and services;
- Has a Scrutiny & Audit Panel operating in accordance with guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA);
- Publishes information to the Authority and its Panels as part of established accountability mechanisms;
- Acts upon the findings or recommendations of Internal and External Audit Reports;
- Prepares an Annual Governance Statement;
- Prepares an Annual Statement of Assurance;
- Prepares a Corporate Plan.

The Authority is committed to the publication of transparent performance information. This includes, but is not limited to, the following:

- Budget reports;
- Operational performance reports;
- A Medium Term Financial Plan;
- A Corporate Plan;
- Statement of Accounts;
- Annual Governance Statement;
- Annual Statement of Assurance;
- Information as required under the Local Government Transparency

Code.

4. Review of Effectiveness

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

- the work of Members through the Fire Authority and its Panels, including Policy & Resources and Scrutiny & Audit;
- the work of Senior Officers who have primary responsibility for the development and maintenance of the internal control environment;
- the work of the Monitoring Officer and the Treasurer;
- the risk management arrangements including the maintenance and regular review of corporate risks by the Senior Leadership Team and Scrutiny & Audit Panel;
- the work of Internal Audit including individual reports and their overall annual report and opinion;
- the Authority's External Auditors in their Annual Audit Letter and Annual Governance Report;
- the judgements of other review agencies, statutory bodies and inspectorates including Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services.

5. Assurance & Significant Governance Issues

No assurance can ever be absolute; however, this statement seeks to provide a reasonable assurance that there are no significant weaknesses in the Authority's governance arrangements. The Authority is fully committed to the principles of corporate governance. The Assurance, Performance and Governance Group monitors the progress on the governance issues contained within the Annual Governance Statement. Those issues that were ongoing at 31 March 2021 will be included in the 2021/22 action plan.

On the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Authority has in place governance arrangements and a satisfactory system of internal control, both of which are fit for purpose and operating effectively. As part of this review we have not identified any gaps in assurance over key risks or significant governance issues. The Authority has, however, identified a range of improvements to its corporate governance arrangements. Action Plans are in place to address the necessary improvements and these will be monitored during the year.

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

We propose over the coming year to take steps to further enhance our governance arrangements as summarised below. We are satisfied that these steps will address the need for improvements that were identified in our review of

effectiveness and we will monitor their implementation and operation as part of our next annual review.

- (i) The Covid 19 Pandemic**
Monitor the effectiveness of the recovery from the Covid 19 Pandemic ensuring that the organisation adopts a safe and proportionate return to business as usual. Ensure that lessons are learnt through a comprehensive debriefing process. (Deputy Chief Fire Officer)
- (ii) Improved Internal Audit and Health and Safety Action Tracking**
Work to improve the tracking of agreed actions in response to Internal Audit Reports and Health & Safety Investigations to ensure that lessons are learnt and improvements in risk management and control are implemented effectively. (Assistant Director Resources and Treasurer & Assistant Director People Services)
- (iii) Incident reporting for Insurance purposes**
Work to improve the reporting of incidents that may result in insurance claims in line with the requirements of the ESFRS Insurers. (Assistant Director Resources and Treasurer)
- (iv) Implement the findings of the HMICFRS Inspection**
Implement the findings resulting from the HMICFRS Inspection of both East Sussex Fire & Rescue Service and additionally those recommendations made to all FRS at a national level. A HMICFRS action plan is in place and monitored at the Scrutiny & Audit Panel. (Deputy Chief Fire Officer) (Continuing action)
- (v) Monitor issues relating to the Firefighter Pension Schemes**
Work on the national fall out of the McCloud/Sargent case ensuring that the necessary resources and support are given to dealing with these. (Assistant Director People Services) (Continuing action)
- (vi) Improved Performance Monitoring**
Improve the Authority's performance monitoring against the Corporate Plan/IRMP. This will include the introduction of a new Business Intelligence System and a revised approach to monitoring key performance indicators. (Assistant Director Planning and Improvement) (Continuing action)
- (vii) Implement the new Member Induction and Development programme**
Implement the new Member Induction and Development programme after the election to East Sussex County Council and the appointment of new Fire Authority Members. (Deputy Chief Fire Officer)
- (viii) Review of Constitution including the Scheme of Delegation**
Review the Constitution and Scheme of Delegation (including financial delegations) to meet the changing needs of the organisation. This work is being undertaken by Legal Officers at Brighton & Hove City Council. A review of financial delegations is being undertaken to include budget limits and Contract Standing Orders. (Deputy Monitoring Officer) (Continuing action)

- (ix) **Hackitt Review & Grenfell Tower Inquiry**
Continued involvement and provision of response to the Hackitt Review and the Grenfell Tower Inquiry and implement any subsequent changes in legislation. A London Fire Brigade secondment will undertake a peer review of plan and progress. Fully engaged with updates regarding Building and Fire Safety Bill. Building Risk Review Project set up and on course to deliver the ambitious programme by December 2021. (Assistant Chief Fire Officer) (Continuing action)
- (x) **Health & Safety Management System**
Implement the revised Health and Safety Management Framework (Assistant Director People Services) (Continuing action)
- (xi) **Fire Standards**
Oversee the consultation and implementation of the National Fire Standards through the Assurance, Performance and Governance Group. (Deputy Chief Fire Officer)

Councillor John Barnes, Chairman, Scrutiny & Audit Panel

Dawn Whittaker, Chief Fire Officer

29 April 2021

East Sussex Fire & Rescue Service

Local Code of Corporate Governance

Introduction

- 1 Corporate governance is a term used to describe how organisations direct and control what they do. As well as systems and process this includes cultures and values. For local authorities this also includes how a Fire Authority relates to the communities that it serves. Good Corporate Governance requires local authorities to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, integrity, impartiality and inclusivity. Corporate Governance is also the structure through which strategic objectives are set and performance monitored. Best practice principles in that regard flow from the Turnbull report, namely the assessment of corporate risk, effective management systems and the enabling of the organisational culture.
- 2 East Sussex Fire Authority (the Authority) is committed to demonstrating that it has the necessary Corporate Governance arrangements in place to perform effectively.
- 3 This Code is a public statement that sets out the way the Authority will meet that commitment. As such it represents a key component of the Authority's governance arrangements. The Code has been developed to be consistent with the CIPFA/SOLACE 2016 Framework "Delivering Good Governance in Local Government" and is based upon the seven principles of good governance:

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Principle B: Ensuring openness and comprehensive stakeholder engagement

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Principle D: Determining the interventions necessary to optimise the achievements of the intended outcomes

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Principle F: Managing risks and performance through robust internal control and strong financial management

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Code also sets out the mechanisms for monitoring and reviewing the Authority's Corporate Governance arrangements.

East Sussex Fire Authority's Corporate Governance Principles

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- 4 The Authority will foster a strong culture based on our shared values of pride, accountability, integrity and respect. The Authority will achieve this by adopting, monitoring and keeping under review:

- a Code of Conduct for Members, built upon the Nolan Principles of Public Life;
- an Employee Code of Conduct;
- a Register of Members Interests;
- a register of Declarations of Conflicts of Interest and Declarations of Gifts and Hospitality accepted;
- induction programmes for both Officers and Members;
- a Competency Framework and Appraisal Scheme;
- an Inclusion, Equality and Diversity Strategy;
- the roles of Members and Officers in decision-making;
- Anti-Fraud and Corruption policies allowing reporting and actioning; and
- a whistleblowing policy providing protection to individuals raising concerns.

5 Standards complaints will be considered by the Scrutiny and Audit Panel.

Principle B: Ensuring openness and comprehensive stakeholder engagement

6 The Authority will seek and respond to the views of stakeholders and the community. The Authority will do this by:

- publishing a Corporate Plan setting out our purpose and commitments to the community and the outcomes we intend to achieve;
- establishing a business planning process, including the development of a medium term finance plan;
- publishing regular reports of our performance against the Authority's key performance indicators, as set out in the Corporate Plan;
- approving and implementing a comprehensive Communications & Consultation Strategy setting out a range of methods of engaging with the community and stakeholders, including those groups which are harder to reach;
- recognising that people are different and giving everyone the same or an equal opportunity to information, advice and support in ways that are suited to the needs or circumstances of the individual;
- producing clear guidance and a defined approach promoting good governance in our partnership working and collaborations;
- providing the public with the opportunity to ask questions, submit petitions or make representations to the Authority;
- publishing the Integrated Risk Management Plan (IRMP) providing information in relation to how the Authority delivers its services;
- providing a modern, effective IT strategy and solutions that meet the needs and aspirations of the organisation and the communities we serve.

7 The Authority understands the key role it has to play in supporting collaboration and partnership working within East Sussex and the City of Brighton & Hove and also the role our partners play in assisting the Authority to deliver on its objectives.

The Authority ensures good governance in respect of partnerships and collaboration by:

- Reviewing and evaluating partnerships on a regular basis;
- Auditing partnership and collaboration strategies and policies through internal audit; and

- Ensuring that partnerships and collaborations offer value and contribute to the Authority's strategic objectives.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

8 The Authority will, in exercising Strategic Leadership, develop and communicate its purpose and intended outcomes for citizens and service users. It will report regularly on activities, performance and the Authority's financial position. Timely, objective and understandable information relating to the Authority's activities, achievements, performance and financial position is provided through the publication of:

- an Integrated Risk Management Plan covering a period of three or five years;
- a Medium Term Financial Plan;
- a clear framework for financial governance based on Contract Standing Orders and Financial Regulations;
- established budgeting systems, clear budget management guidance and regular reporting of financial performance against budget forecasts to Officers and Members;
- externally audited accounts;
- detailed performance information.

9 The Authority will aim to deliver high quality services to the public in an efficient and effective way. The Authority will do this by:

- delivering services to meet local needs through the Integrated Risk Management Planning process, and putting in place policies and procedures to ensure that they operate effectively in practice;
- developing effective relationships and partnerships with other public sector agencies and the private and voluntary sectors;
- actively pursuing and implementing collaboration opportunities with the Police, Ambulance, other Fire Services and local authorities;
- responding positively to the findings and recommendations of external auditors, reviewers and statutory inspectors and putting in place arrangements for the implementation of agreed actions;
- comparing information about services with those provided by similar organisations, assessing why levels of efficiency, effectiveness and quality are different and considering alternative means of service provision, processes and procurement to maximise opportunities and improve value for money where appropriate.

Principle D: Determining the interventions necessary to optimise the achievements of the intended outcomes

10 The Authority will achieve this by:

- publishing a detailed Medium Term Financial Plan including actions to ensure financial sustainability;
- producing a performance management framework, ensuring plans are met and remedial action taken;
- putting processes in place to ensure that data quality is high, so as to enable objective and rigorous decision making;
- having monthly Senior Leadership Team (SLT) meetings together with regular Assistant Director meetings where issues are raised and actions agreed;

- having a risk management process to identify where interventions may be required;
- having a sound understanding of community risk and service demand (current and future) informing resource allocation decisions.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

11 The Authority will ensure that those charged with governance have the skills, knowledge and experience they need to perform well. The Authority will do this by:

- operating robust and transparent recruitment and selection processes;
- cascading regular information to Members and staff;
- arranging regular Member Seminars to provide a forum for sharing information, consultation, training and demonstration of operational procedures;
- providing resources that support Member and Officer development;
- promoting schemes supporting ongoing professional development;
- undertaking the annual appraisal of the Chief Fire Officer and setting objectives that contribute to the Authority's purpose and commitments, strategy and plans and that incorporate key development needs.

12 The Authority will ensure that the necessary roles and responsibilities for effective Governance are identified and allocated through its Constitution so that it is clear who is accountable for decisions that are made. The Authority will do this by:

- electing a Chair, establishing Panels and nominating Member Leads with defined responsibilities;
- agreeing a clear scheme of delegated responsibilities to Senior Management;
- undertaking regular reviews of the Constitution;
- putting in place effective and comprehensive arrangements for the scrutiny of services;
- making the Chief Fire Officer responsible and accountable for all aspects of operational management;
- ensuring that at all times arrangements are in place for the proper administration of its financial affairs (S112 Officer);
- ensuring that at all times arrangements are in place for ensuring actions are taken in accordance with Statute and Regulation (Monitoring Officer);
- developing protocols to ensure effective communications between Members and Officers.

Principle F: Managing risks and performance through robust internal control and strong financial management

13 The Constitution sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent and accountable to local people. Areas of potential change are identified and the Constitution is amended accordingly.

14 The Authority will operate a risk management strategy and risk management framework, taking account of both strategic and operational risks and ensuring that they are appropriately managed and controlled. This approach will aid the achievement of the Authority's strategic priorities, supports its decision making processes, and protect its

reputation and other assets and is compliant with statutory and regulatory obligations. The Authority will ensure that the risk management approach:

- enables a culture of risk awareness;
- formally identifies and manages risks;
- involves elected members in the risk management process;
- maps risks to financial and other key internal controls;
- documents and records details of risks in a risk management information system;
- monitors the progress in mitigating significant risks, and reports this to Members;
- reviews and, if required, updates its risk management process at least annually;
- considers risk within all projects.

15 The Scrutiny & Audit Panel has the responsibility of providing independent assurance of the risk management framework and the internal control environment. It provides an independent review of the Authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

16 The Authority will achieve this by:

- publishing relevant information relating to salaries, business interests and performance data on its website;
- having a Procurement team who provide advice and issue clear guidelines for procuring goods and services;
- having a Scrutiny & Audit Panel that operates in accordance with guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA);
- publishing information to the Authority and its Panels as part of established accountability mechanisms;
- acting upon the findings or recommendations of Internal and External Audit Reports;
- preparing an Annual Governance Statement;
- preparing an Annual Statement of Assurance;
- preparing a Corporate Plan.

17 The Authority is committed to the publication of transparent performance information. This includes, but is not limited to:

- Budget reports;
- Operational performance reports;
- a Medium Term Financial Plan;
- A Corporate Plan;
- Statement of Accounts;
- Annual Governance Statement;
- Annual Statement of Assurance;
- Information as required under the Local Government Transparency Code.

Monitoring & Review

- 18 The Assurance & Governance Group is responsible for monitoring Corporate Governance Arrangements and reviewing the progress on the governance issues contained within the Annual Governance Statement.
- 19 The Scrutiny & Audit Panel is responsible for arrangements relating to:
- Monitoring and reviewing risk, control and governance processes and associated assurance processes in order to ensure that Internal Control systems are effective and that policies and practices comply with statutory and other regulations and guidance;
 - Reviewing the accounts prior to approval by the Authority;
 - External Audit;
 - Internal Audit;
 - Risk management;
 - Making recommendations concerning relevant governance aspects of standing orders.
- 20 The Scrutiny & Audit Panel is also responsible for promoting high ethical standards across the Authority, overview of the Member and Officer codes and other relevant protocols.
- 21 The Scrutiny & Audit Panel will ensure that the Authority's governance arrangements are kept under continual review through:
- Reports prepared by officers with responsibility for aspects of this code;
 - The work of Internal Audit;
 - External Audit opinion;
 - Other review agencies and inspectorates;
 - Opinion from statutory officers.

Annual Governance Statement

- 22 The Authority will publish an Annual Governance Statement (AGS) each year. This process is led by the Assurance & Governance Group and provides an overall assessment of the Authority's Corporate Governance arrangements and an appraisal of the key controls in place to manage principal governance risks. The AGS will also provide details of where improvements need to be made in accordance with the Accounts and Audit Regulations 2015.
- 23 The Annual Governance Statement will be published with the Authority's Statement of Accounts.

Local Code of Corporate Governance – key policies and processes

Core Principles

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Principle B: Ensuring openness and comprehensive stakeholder engagement

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Principle D: Determining the interventions necessary to optimise the achievements of the intended outcomes

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Principle F: Managing risks and performance through robust internal control and strong financial management

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Policy or process	Owner	Principle A	Principle B	Principle C	Principle D	Principle E	Principle F	Principle G
Corporate Plan	DCFO (delegated to ADP&I)	Y	Y	Y	Y	Y	Y	Y
Constitution	ADP&I / DMO	Y	Y		Y	Y	Y	Y
Integrated Risk Management Plan	DCFO / ADP&I	Y			Y		Y	Y
Operational policies and processes	ADOSR	Y		Y	Y	Y		
Risk Management Strategy	ADR/T	Y		Y	Y			Y
Medium Term Finance Plan	ADR/T	Y		Y			Y	
Budget and financial management (incl. DFM scheme)	Finance Manager	Y		Y			Y	
Statement of Accounts	ADR/T		Y	Y			Y	Y
Standing Orders	DMO		Y	Y	Y		Y	Y

Policy or process	Owner	Principle A	Principle B	Principle C	Principle D	Principle E	Principle F	Principle G
Contract Standing Orders	DMO / ADR/T	Y		Y	Y		Y	
Financial Regulations	ADR/T	Y		Y	Y		Y	
Scheme of Delegation	DMO / ADR/T	Y	Y		Y	Y		Y
Code of Conduct for Members	DMO	Y	Y					Y
Code of Conduct for Member and Employee Relations	ADPS	Y	Y	Y				Y
Information Transparency	DCFO	Y	Y				Y	Y
Anti-fraud, Bribery & Corruption Policy	ADR/T	Y	Y	Y				Y
Member Learning & Development	ADP&I / ADPS	Y	Y			Y		
Whistleblowing Policy	ADPS / DMO	Y	Y	Y			Y	Y
Complaints Policy	ADP&I	Y		Y	Y		Y	
Code of Conduct and Conflict of Interest	ADPS	Y	Y	Y	Y			Y
Prevention & Protection Strategy	ADSC	Y	Y	Y	Y	Y	Y	Y
Collaboration Framework	DCFO / ADPS	Y	Y	Y	Y	Y	Y	Y
Communications and Consultation Strategy	ADP&I	Y	Y	Y		Y	Y	Y
Health, Safety & Wellbeing Strategy	ADPS	Y	Y	Y	Y			
People Strategy	ADPS	Y	Y	Y		Y		Y
Local Code of Corporate Governance	DCFO / DMO / ADR/T	Y	Y	Y	Y	Y	Y	Y
IT Strategy	ADR/T	Y	Y	Y	Y			Y
Procurement Strategy	ADR/T			Y	Y			

Policy or process	Owner	Principle A	Principle B	Principle C	Principle D	Principle E	Principle F	Principle G
Estates Strategy	ADR/T		Y	Y	Y		Y	
Project Management / Stage Gate processes	ADP&I	Y			Y		Y	Y
Internal Audit Plan	ADR/T	Y		Y	Y		Y	Y
Performance Management	ADP&I	Y	Y	Y		Y	Y	Y
Freedom of Information Scheme	ADP&I	Y		Y	Y	Y		Y
Data Protection Policy	DCFO	Y	Y	Y				Y
Regulation of Investigatory Powers Act Policy	DCFO	Y			Y			Y

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Appendix 4**2019/20 Action Plan Update**

The current status of the Improvement Actions as set out in the Annual Governance Statement 2019/20.

Action	Status
Implement the findings resulting from the HMICFRS Inspection of both East Sussex Fire & Rescue Service and additionally those recommendations made to all FRS at a national level. (DCFO)	Ongoing - A HMICFRS action plan is in place and monitored at the Scrutiny and Audit Panel. Internal mock inspection planned for March 2021 will provide further scrutiny and assurance.
Work to ensure that progress is made to address issues that have been identified locally with the administration of Firefighter Pension Schemes and nationally with the McCloud/Sargeant case ensuring that the necessary resources and support are given to dealing with these. (ADPS)	Ongoing – Continued work on the national fall out of the McCloud/Sargeant case ensuring that the necessary resources and support are given to dealing with these.
Continue the process of rationalising and aligning our suite of corporate strategies to be reflected in an overarching policy document outlining the new framework. This will include work to streamline the Authority’s Strategies and Internal Meeting structure. (DCFO) (continuing action).	Completed – all strategies are now in the new template barring one which will be completed 2020. A policy note and manual note have been written containing the relevant committees that have been identified to oversee the implementation of the strategies.
Improve the Authority’s performance monitoring against the Corporate Plan/IRMP. This will include the introduction of a new Business Intelligence System and a revised approach to monitoring key performance indicators. (ADP&I) (continuing action)	Ongoing – Corporate plan is monitored at SLT. The business intelligence system is in development and is a two year project.
Implement the necessary changes , in accordance with the findings of the Governance Review, and update processes as recommended including designing and implementing a Member Training programme (DCFO) (continuing action)	Completed – Most changes arising from the governance review have been implemented. A new Member Induction and continuous Development programme is being created in liaison with Constituent Authorities and will be implemented following the next elections and appointment of new Fire Authority Members scheduled for May 2021.

<p>Review the Constitution and Scheme of Delegation (including financial delegations) to meet the changing needs of the organisation. This work is being undertaken by Legal Officers at Brighton & Hove City Council. There will be clearer determination of where matters should be considered. A review of financial delegations is being undertaken to include budget limits. (DMO/SDSO)</p>	<p>Ongoing – Independent review of the constitution by Brighton & Hove City Council Legal Officers is underway and will be continuing throughout 2021, Contract Standing Orders also being reviewed.</p>
<p>Continued involvement and provision of response to the Hackitt Review and the Grenfell Tower Inquiry and implement any subsequent changes in legislation (ACFO)</p>	<p>Ongoing – regular reports to S&A Panel. A LFB secondment will undertake peer review of plan and progress. Fully engaged with updates regarding Building and Fire Safety Bills. BRR project setup and on course to deliver the ambitious programme by December 2021 within budget</p>
<p>Implement the revised Health and Safety Management Framework (ADPS)</p>	<p>Ongoing – full implementation due October 2021</p>



East Sussex Fire Authority

Statement of Operational Assurance 2020/21

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1. Fire and Rescue Services Act 2004

- 1.1 The core functions of the Fire Authority are set down in the Fire and Rescue Services Act 2004 (“the Act”) which requires the promotion of fire safety; preparation for fire-fighting; protecting people and property from fires; rescuing people from road traffic collisions; and dealing with other emergencies such as flooding or terrorist attack. Further details can be viewed by following the link below:

http://www.legislation.gov.uk/ukpga/2004/21/pdfs/ukpga_20040021_en.pdf

1.2 How we are assured

- 1.2.1 East Sussex Combined Fire Authority is the statutory body for discharging the requirements of the FRS Act across the County of East Sussex and City of Brighton and Hove.

- 1.2.1 The provisions made under Sections 7, 8 and 9 are outlined in detail within our Integrated Fire Risk Management Plan 2020-2025 (IRMP) found at the following link:

https://www.esfrs.org/_resources/assets/attachment/full/0/33809.pdf

- 1.2.3 This document describes how detailed analysis of past history, present activity and future demand continue outlines the people, places and equipment required to mitigate the fire and rescue related risks in our area. This has resulted in a fit for purpose Service to the Community covering all aspects of Fire Prevention, Fire Protection and emergency response.

1.3 National Framework 2018

- 1.3.1 Section 21 of the Fire and Rescue Services Act requires a fire and rescue authority to have regard to the National Fire and Rescue Framework, produced by the Minister of State for Policing and the Fire Service, when carrying out its functions. The revised Framework issued in May 2018 states that every FRS must:

- Identify and assess the full range of foreseeable fire and rescue related risks their areas face
- Make appropriate provision for fire prevention and protection activities and response to fire and rescue incidents
- Collaborate with emergency services and other local and national partners to increase the efficiency and effectiveness of the service they provide
- Be accountable to communities for the service they provide
- Develop and maintain a workforce that is professional, resilient, skilled, flexible and diverse

A copy of the full Framework Document can be found at the following link:

<https://www.gov.uk/government/publications/fire-and-rescue-national-framework-for-england--2>

- 1.3.2 The Fire and Rescue Services Act (S21) gives statutory force to the National Framework thereby requiring every FRS to produce an Integrated Risk Management Plan (IRMP).

1.4 How we are assured:

- 1.4.1 To ensure our IRMP is fit for purpose reflecting the inherent and anticipated fire and rescue related risks, we completed an Operational Response Review (ORR).
- 1.4.2 Using the attendance standards agreed by the Fire Authority in 2018, this process enabled us to demonstrate that to mitigate the fire and rescue related risks requires 24 Fire Stations with the 18 immediate and 6 resilience frontline fire appliances available before demand or at the start of each day. Our attendance standards are:
- The 1st fire appliance with an “on-station” response of 10 minutes 70% of the time
 - The attendance standard for the 1st fire appliance with an ‘on-call’ response of 15 minutes 70% of the time

The ORR Main report can be viewed using the following link here:

https://www.esfrs.org/_resources/assets/attachment/full/0/33792.pdf

- 1.4.3 The ORR afforded us the opportunity to complete a comprehensive local analysis of the risk for each of the 24 existing Fire Stations in our area captured in individual Station Risk Profiles. Local managers use these to tailor our risk reduction activities. This data-led analysis was carried out using F-SEC, MOSAIC etc. and has been used to demonstrate how the provisions we are making mitigate the actual and anticipated fire and rescue related risks.

The 24 Station Risk Profiles can be viewed using the following link here:

<https://www.esfrs.org/safer-future/>

- 1.4.4 We can say with confidence that our IRMP takes full cognisance of the geography, demography, transport networks and built and natural environment enabling us to provide suitable resources capable of dealing with all inherent and predictable fire and rescue related risks. In essence, this process enables us to effectively plan our resource allocation against our identified risk profile. A copy of the current IRMP can be accessed by following this link:

https://www.esfrs.org/_resources/assets/attachment/full/0/33809.pdf

- 1.4.5 An IRMP Strategic and Delivery Board have been convened to oversee the Implementation of the 2021 – 2025 IRMP which report into the Fire Authority Scrutiny and Audit Panel. A detailed set of 8 workstreams themed around the main areas of the IRMP is being systematically planned for delivery within 29 individual workpackages.

As these develop, future Statements of Assurance will signpost progress via the minutes from the Scrutiny and Audit Panel meetings.

1.5 IRMP Methodology

- 1.5.1 A team from Nottingham Trent University were commissioned to undertake research into IRMP methodology by the National Fire Chiefs Council. The team reviewed how we undertook our Operational Response Review which ultimately populated our IRMP 2020 – 2025 and the methodology was held in high regard and identified as an example of good practice. Their report was published in August 2019 and can be found using the following link:

http://irep.ntu.ac.uk/id/eprint/36059/1/13495_Murphy.pdf

1.6 National Framework Report:

- 1.6.1 Section 25 of the Fire and Rescue Services Act 2004 requires the Secretary of State to lay a report before Parliament every two years on the extent to which all fire and rescue authorities are acting in accordance with the Fire and Rescue National Framework for England.

1.7 How we are assured:

- 1.7.1 This Annual Statement of Assurance lays out how East Sussex Fire Authority comply with the legal framework as laid out above and forms the return to the Home Office for government's consideration

2. PREVENTION

- 2.1 (Fire and Rescue Services Act Section 6):
A fire and rescue authority must make provision for the purpose of promoting fire safety in its area. In making provision a fire and rescue authority must in particular, to the extent that it considers it reasonable to do so, make arrangements for;
- a) The provision of information, publicity and encouragement in respect of the steps to be taken to prevent fires and death or injury by fire;
 - b) The giving of advice, on request, about
 - i. How to prevent fires and restrict their spread in buildings and other property;
 - ii. The means of escape from buildings and other property in case of fire.

2.2 How we are assured:

2.3 Thematic Plans

- 2.3.1 Our community safety activities focus on a range of **thematic plans**, comprehensive action plans detailing the activities that will be delivered across the Service area to reduce the risk associated with the following topics. Our Initiatives Library contains physical, documentary and communications resources targeting each area of community risk has been designed to support the delivery of prevention activities by operational crews. Development and maintenance of the thematic plans and initiatives library resources are the responsibility of the Group Partnership & Engagement Business Partners:

1. **Home/Fire:** Safety in the home and wider environment
2. **Road safety:** Giving particular attention to the number of people killed or seriously injured. We educate the community about the principles of the fatal four during “Safe drive, stay alive” events. To continue this good work during the pandemic, these have been delivered virtually, making full use of audio-visual platforms
3. **Water safety and drowning prevention:** These activities centre around our “Water savvy, water safe” known as “WS²” water safety educational programme
4. **Incident reduction:** Including the reduction of malicious and deliberate fire related incidents
5. **Education:**
 - a) **Wellbeing:** Educational interventions with children and young people, initiatives include safety in action and Firewise
 - b) **Watch scheme:** A programme of activity based within fire stations for young people on the cusp of exclusion from schools or involved in anti-social behaviour
 - c) **Safety in Action:** Our gold award winning practical based interactive sessions that encourage Year 6 children to recognise hazards and take action to keep themselves and others safe.
 - d) **Safeguarding:** Ensuring that our statutory obligations are met. Safeguarding referrals include areas such as hoarding
 - e) **Fire Cadet schemes:** We have recently introduced two schemes one in the north, one in the south of the County for young adults between 13 – 17 helping develop safety and life skills, team-building activities and a “Get active” fit and healthy programme
 - f) **Volunteers:** We have a vibrant and growing volunteer network working for our Community Safety Team who make a huge contribution to the wide range of activities including advice and education.

- 2.3.2 We continue to work with partners to improve people’s access to health and support services and tailor these activities toward the most vulnerable within our communities

- 2.3.3 ESFRS have a strong commitment to support all prevention activity and public engagement making full use of our community volunteer section.
- 2.3.4 ESFRS works collaboratively with all partners to develop child home safety advice and children's equipment such as car seats and stair gates. The service has links with a wide cross-section of statutory agencies, third sector organisations and services to ensure we are fully integrated within our community.

2.4 Community Volunteers

- 2.4.1 ESFRS started its community volunteer scheme in 2009 and currently has 80 volunteers from across the service area. Management of the scheme is undertaken by Coordinators working within the central Community Safety team.

Our key community volunteering priorities are:

- To ensure volunteering is an integral part of ESFRS and that volunteer activities contribute to ESFRS reaching more members of the community and making East Sussex and Brighton & Hove a safer place.
- To ensure volunteering is a worthwhile, rewarding activity for our volunteers and that volunteers are involved in the decision making process.
- To be inclusive and open, enabling as many people as possible to access our volunteering opportunities.
- To work in partnership with other organisations who also have a community safety ethos.
- To be creative and imaginative in our approach to volunteering, to best serve the needs of promoting community safety.
- To ensure we have the necessary systems and resources in place to best support our community volunteers and the communities we serve.

- 2.4.2 The ESFRS Volunteer Thematic Plan provides a focus to teams and illustrates the value volunteers bring to the community and ESFRS.

- 2.4.3 In addition to the supportive role that volunteers undertake with operational crews in station open days and other events, incident training and exercises, the volunteers are involved in the Personal Resilience Project; a scheme whereby volunteers support vulnerable members of the community who have been subject of a safeguarding alert or similar issue that has detrimentally affected their ability to live unsupported.

2.5 Youth Engagement

- 2.5.1 Youth engagement is undertaken across the service, often by operational staff, through locally organised activities such as football coaching and mentoring young people. Our iESE award winning Safety in Action programme is a collaborative approach providing the opportunity for young people aged 10 to 11 years to experience risky scenarios in a safe environment.

2.6 Partnership Working with Health

- 2.6.7 It is fully recognised that a great number of those individuals that are at greatest risk to fire, road and water risk are as a consequence of poor mental or physical health.

- 2.6.8 The innovative GP Referral Scheme provides for GPs to send ESFRS details of patients whom they consider at high risk of an unelected hospital admission. Our Information Sharing Agreement allows contact details of patients to be shared without consent for a Home Safety Visit to be offered. In addition to identifying potential fire risks these visits provide an opportunity

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for staff to identify risks within the home environment that might cause or contribute accidents, identify the potential to fall and to identify those who are frail and would benefit from an early intervention by health professionals.

3. Protection

3.1 (Regulatory Reform (Fire Safety) Order 2005):

Fire and Rescue Authorities have a duty to enforce fire safety in non-domestic premises and the introduction of this legislation mirrored much of the now extant Fire precautions Act 1971 and Workplace Regulations 1997. It also made the duties applicable to a far larger range of premises such as:

- all non-domestic premises including common parts of houses in multiple occupation (HMOs)
- Premises used by the self-employed (including family run businesses)
- Premises used by the voluntary sector

3.2 How we are assured:

3.3 Business Safety Thematic Plan

3.3.1 Our Business Safety Thematic Plan uses a blended risk-based approach to deliver against our statutory duties, operating an intelligence-led and risk-based inspection programme of non-domestic premises as we strive to continuously reduce fire risk in the built environment. This blended approach includes business engagement, partnership, inspection and enforcement.

3.3.2 When a business is audited, the audit will be carried out by a qualified Business Safety Officer who will follow a set procedure which is designed to establish compliance with the requirements of the Order. The Service always aims to help businesses comply with fire safety legislation, however, at times it has to enforce the law by implementing a formal enforcement procedure and will on occasion prosecute. This is always a last resort and the Service will endeavour to avoid this course of action by working with business owners/managers via a range of key interventions:

- Business Safety staff offering proactive support to businesses to assist in complying with legislation
- Collaborating with our partners by supporting intelligence led thematic inspections and multiagency operations targeting immigration and modern slavery to ensure the most vulnerable in our community are protected from exploitation
- Supporting economic growth and resilience of our local business communities by raising awareness of fire risk and engaging with responsible persons through a variety of initiatives including the development of Primary Authority Partnerships and under normal circumstances we deliver Business Safety thematic engagement events. The Coronavirus pandemic has affected these however, wherever possible and appropriate, we continue to deliver our Service through desktop audits and regular contact with partners and responsible persons
- Developing Safer Living and Safer Care initiatives in partnership with the Care Quality Commission, to support the elderly and vulnerable to obtain safe and secure homes within a caring environment. This is achieved through both inspection of premises and engagement with duty holders promoting the Person Centred Approach to risk, the installation of sprinklers and promotion of new technology such as social alarms
- Information provided digitally to support businesses and;
- Actively supporting the National Fire Chief Council's Business Safety Week 7th – 13th September 2020.

3.3.3 The Business Safety functions are delivered through a sustainable and adaptive structure that enables effective provision at all times of day. Services are delivered by professional staff and operational crews supported through a competency framework informed by best practice and

responsive to the requirements of the National Framework. Staff will respond to local risk through thematic based planning supported by exploiting new information technologies such as the rollout of agile working and new functionality offered through the upgraded Business Safety recording and operating system (CRM).

- 3.3.4 The Service continues to promote Primary Authority through the Regulatory Enforcement and Sanctions Act (RES Act) and continues to highlight the benefits of active Primary Authority Partnerships in East Sussex to improve Fire Safety compliance and support business growth. We have 14 partnerships confirmed and are part of the Business Advice and Support Partnership (BAASP) which is a partnership of Regulatory Services across the South East covering Trading Standards, Fire Safety, Environmental Health and Licensing. BAASP shares knowledge, resources and expertise to provide the best support and advice for local businesses as part of the wider Primary Authority landscape.

<http://www.esfrs.org/business-safety/primary-authority-scheme/>

- 3.3.5 The service continues to support the Independent Review of Building Regulations and Fire Safety through the NFCC and implement the recommendations of Government's Building Safety Program.

- 3.3.6 We continue to promote the findings from our fire investigations so that risk assessments better identify sources of ignition and the benefits of active and passive protection. More details can be found on the following link:

<https://www.heads-up.biz/>

- 3.3.7 The Service continues to actively promote sprinklers and continues to provide match funding to secure the installation of sprinkler systems in premises identified as posing a particular risk to occupants and / or firefighters and we promote sprinklers where opportunities present themselves. More detail on sprinklers can be found by following the link below:

<http://www.esfrs.org/business-safety/sprinklers/>

- 3.3.8 We recognise that in exceptional cases; where supported by evidence and it being in the public interest, there is a need to use an appropriate sanction where fire safety standards have not been maintained by a responsible person. Not only has ESFRS developed tools to ensure a consistent and appropriate use of prosecution and Simple Caution as sanctions, we have also developed the use of Informal Cautions, which the NFCC are looking to adopt nationally.

<http://www.esfrs.org/business-safety/business-safety-enforcement/>

- 3.3.9 The service is a statutory consultee under a range of legislation and the Business Safety teams will continue to ensure they respond to consultations in a positive and timely manner as detailed in the Service response charter.

- 3.3.10 The Central Business Safety support team will continue to build on the Business Safety engagement and initiatives library to enable local teams to deliver proactive and reactive business engagement activities increasing knowledge and understanding of fire safety in the business community. Typically this involves identifying opportunities to engage and explain the requirements of the Order at face-to-face events, with supporting material available on our internet site. Through the Business Rates funded initiative, the Service provides the "Safer Business Training" scheme to further support this work.

<https://www.esfrs.org/business-safety/introduction-to-business-fire-safety-course/>

- 3.3.11 Our Fire Investigation webpage "Heads-up" site also highlights fatal fires and includes lessons learnt from relevant and significant fire related incidents.

<https://www.heads-up.biz/>

3.4 Safer Business Training

- 3.4.1 Utilising funding from Business Rates pooling fund the Service offers a one day course to small and medium sized businesses to provide training and advice on risk assessments to assist businesses to comply with the legislation and ensure the continuing safety of their staff and customers. The aim of the course is to reduce the number of businesses that may be at risk of enforcement action and increase fire risk assessment skills to reduce the risk of fire to the business and community.

3.5 Grenfell Tower Improvement Plan

- 3.5.1 Following the dreadful and tragic outcomes of the Grenfell Tower fire, ESFRS, like all UKFRS's carried out a gap analysis against part 1 of Sir Martin Moore-Bick's public enquiry. The Grenfell Tower Inquiry was created to examine the circumstances leading up to and surrounding the fire at Grenfell Tower on the night of 14 June 2017.

<https://www.grenfelltowerinquiry.org.uk/>

- 3.5.2 Our gap analysis identified 136 recommendations for change. These have formed a body of work linked to improvements in existing emergency response Policy such as Fire Survival Guidance (the link between our Control centre and Officers at scene) and the purchase of emergency smoke hoods for evacuation purposes. Most actions are interdependent and involve extensive training for all staff at our Control centre, Fire Stations and Officers.
- 3.5.3 Complete implementation of all 136 actions will continue to roll out over the coming months being reported to our internal Operations Committee, Senior Leadership Team and Scrutiny and Audit Panel.
- 3.5.4 In 2020, the Service ran a series of improvement seminars where incident commanders at all four levels of Command were reminded of the different emergency evacuation strategies that premises may employ in high-rise premises. The presentations included input on Business Safety compliance with the RR(FS)O, passive and active measures and how some premises may have employed fire engineered solutions. The seminars also enabled the attendees to consider a range of tactical options in the event of fires at residential high-rise premises along with the application of Fire Survival Guidance.

3.6 Building Risk Review

- 3.6.1 On 5th September 2019, the Secretary of State for Ministry of Housing Communities & Local Government (MHCLG) stated "I expect all high rise buildings to have been inspected or assured by the time the new building safety regime is in place, or no later than 2021" and has provided the Authority with grant funding to deliver this task.
- 3.6.2 To fulfil the conditions of grant funding, all high-rise residential buildings (HRRBs - multi-occupied residential buildings over 18m or more than six floors) in East Sussex Fire Authority's area, will be assessed on a building-by-building basis, triaged by a competent Fire Safety Regulator (FSR), and a minimum question set returned.
- 3.6.3 This data will then be used to inform the new Building Safety Regulator (BSR) when it is fully operational and help to determine which buildings need to be prioritised for a 'safety case' under the new building safety regime. The BRR Programme will result in all in scope HRRBs being triaged and the highest risk HRRBs being audited/inspected. As a result, HRRBs requiring

further action will be identified, to enable them to be incorporated into the Business Safety Risk Based Inspection Programme (RBIP).

- 3.6.4 The Authority has used the MHCLG grant funding to establish a special project team to deliver the BRR programme, ensuring all buildings in scope will be assessed within the timeframe of the programme through a triage process. At this time, the team have identified 357 in-scope premises requiring assessment and triage.
- 3.6.5 The project team continues to collect a wide range of building data, to provide a greater understanding of the hazards and associated risks in the built environment, including:
- Firefighter risk information
 - Resident vulnerabilities
 - Building plans
 - Building construction detail
 - Assessment of the adequacy of facilities for firefighters
 - Fire engineering solutions
- 3.6.6 The process allows officers to undertake an assessment of buildings to determine whether a full audit/inspection is required, or in cases of lower risk buildings, whether a simple form and data collection process is appropriate.
- 3.6.7 It is clear that during routine work, the Group Business Safety teams will interact with buildings falling within the scope of the BRR programme and therefore, it is important that in line with current activities, the premises history in CRM is always interrogated in the first instance, and where a premises is identified as falling within the scope of the programme, the following process is followed:

Risk Based Inspection Programme

- Where the Group Business Safety team identify a building falling with the BRR project is due for an audit, this will be undertaken by the BRR project team

Fire Safety Complaints

- Where the complaint identifies that a life safety issue exists, the daily nominated business safety officer will be informed in order to investigate the complaint and take any necessary action to resolve the issue.
- Where the complaint is of a more minor nature, the matter should be passed to the BRR project team.
- Fire Safety Inquiries
- Where the Group Business Safety team receive inquiries relating to a HRRB, the matter should be passed to the BRR project team.

Post Fire Inspections

- Where the Group Business Safety team identify a HRRB requiring a post fire audit, the matter should be passed to the BRR project team
- Building consultations
- Where the Group Business Safety team receive a building consultation relating to a HRRB, the process below should be followed:
- Existing Buildings - The BRR team should be notified where the works impact the means of escape or the external construction of the building, including the construction of additional floors bringing a building in to the scope of the BRR programme
- New Buildings - The BRR team should be notified to enable the team to carry out a full audit/inspection, or in cases of lower risk buildings, complete a simple form and data collection process once the building is occupied
- Non-compliant Cladding or Construction - Where the Group Business Safety team receive inquiries relating to an out of scope building, which has been identified as having

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non-compliant cladding or construction as defined in the “Consolidated Advice Note”, the BRR team should be notified.

- Cladding Remediation - Where buildings are undergoing cladding remediation, regardless of the scope of the BRR programme, a nationally agreed process identifies that a joint inspection with the Health & Safety Executive will take place due to the cross over in legislation and the associated hazards. These joint inspections will be resourced through the BRR team.

4. Emergency Response

4.1 (Fire and Rescue Services Act Section 7 & 8):

A fire and rescue authority must make provision for extinguishing fires, road traffic collisions and other emergencies by recruiting and training staff, providing services and equipment necessary efficiently to meet all normal requirements; make arrangements for dealing with calls and for summoning personnel; make arrangements for obtaining information and prevent or limit damage to property resulting from action taken.

4.2 How we are assured:

4.2.1 The data from the ORR enables us to understand that our IRMP 2020 – 2025 accurately reflects the fire and rescue related risks now and for the foreseeable future.

4.3 Response and Resilience Thematic Plan

4.3.1 The ability for ESFRS to effectively and efficiently discharge its statutory duties under Sections 7 and 8 of the FRS Act relies on the Service investing in a fleet of 33 frontline fire appliances. These state-of-the-art vehicles are equipped with a range of tools including six Breathing Apparatus sets per vehicle with telemetry to enable the best level of supervision for our Firefighters who crew them, compressed air Foam generating equipment (CAFS), battery operated rescue equipment unhindered by hydraulic hoses, thermal imaging cameras and gas monitoring equipment etc.

4.3.2 The role of our central response and resilience team is to plan for the highest levels of operational preparedness to enable our crews to respond effectively to all the fire and rescue related risks identified in our IRMP. Using the thematic plan which is closely aligned to the IRMP and the 24 station risk profiles, the team work closely with our crews, our control room staff, our Engineers, Health and Safety team and the representative bodies so we are assured that they have the best appliances, equipment and resources to deal with all foreseeable incidents.

4.3.3 East Sussex Fire Control

The East Sussex Fire Control (ESFC) mobilises our assets to deal with thousands of calls to emergency incidents. The ESFC at Haywards heath is crewed by four watches of six highly trained staff on a 24/7 basis. Following a robust business case that considered our requirements to be financially accountable and the wider duty to collaborate, East Sussex Fire Authority committed to a Joint Fire Control centre run by Surrey Fire and Rescue Service. From Autumn 2021, this state-of-the-Art Fire Control will jointly deliver emergency mobilisations without compromise.

4.3.4 Fire and Rescue Stations

ESFRS responds to an extremely wide range of emergency incidents with its fleet operating from 24 fire stations across East Sussex and the City of Brighton and Hove. Stations are crewed by operational staff who work different shift patterns depending upon local risk:

- Wholetime: firefighters operate on stations 24 hours per day, working 12 hour shifts
- Day Crewing: during the daytime the station is crewed by wholetime firefighters who also live next to the station to provide emergency cover overnight
- On-Call: firefighters live or work in the local community near to the station and respond to emergency calls via alerters

4.3.5 Operational Resilience Plan

A critical part of our IRMP 2020 – 2025 is the “Operational Resilience Plan” which focusses on improvements to our current response model of 15 immediately available frontline fire appliances. Its aim is to provide 18 immediately available and 6 resilience frontline appliances at the start of

each day before demand. This new Policy will be replacing the Core Stations and Combined Crewing Policies during 2021 – 2022, better aligning resources to risk.

4.3.6 **Operational Risk**

Section 7(2)(d) of the Fire and Rescue Services Act requires fire authorities to make arrangements for inspection of certain premises to obtain information for Firefighter and community safety. These visits are carried out by our Firefighters and they assist in the maintenance of knowledge of the site, equipment and any particular hazards associated with the building. The resulting plans, referred to as Site Specific Risk Information (SSRI) are transferred to all frontline Fire appliances via mobile data terminals and can be accessed and used in the event of an emergency.

We use the 7(2)(d) visits together with any relevant data collection methods to assist in dealing with an incident, informing command decision making and ensuring public and Firefighter safety. In 2020, we started to radically improve our current provision to enhance the timely availability of risk critical information at the fireground with updated mobile data terminals and a state-of-the-art Customer Relationship Management (CRM) system which also stores our Business Safety files. The introduction of mobile technology on each Fire appliance allows crews to immediately update premises risk data at an organisational level and during September 2021, will link to the Joint Fire Control with West Sussex and Surrey Fire and Rescue Services in addition to linked information from the Building Risk review Team.

4.3.7 **Incident Debriefing and Organisational Learning**

Operational Assurance has been embedded into Service policy to organisational learning. The Service has a direct link to National Operational Learning (NOL) to ensure currency with National learning and share any learning identified within East Sussex as agreed suitable. The process enables us to horizon scan and receive national learning reports such as the Grenfell Tower phase 1 report, the Cube fire in Manchester, The Manchester Arena bombing etc.

We have a defined and managed Operational Assurance (OA) process overseen by the service Operational Assurance Manager. Within this process we monitor the outcomes from fire investigations (FI), outcomes identified within the National Operational Learning or Joint Operational Learning databases, as well as recommendations from external enquiries including Coroner reports. Exception reports are sent to the Operations Committee, who in turn will take any highlights to the Senior Leadership Team and if necessary to the Fire Authority Scrutiny and Audit Panel before being rolled out to wider staff groups in Policy and training. Grenfell Tower improvements are a good example of this process in use.

The incident debriefing profile has a distinct identity and both historical and new learning is communicated through various platforms including 'Assurance in Action' and 'core brief' publications, which are vital in embedding the learning process. All new Level 2 Response Officers and above shall be trained to carry out debriefs to add resilience and authenticity to the process. The Ops P&P team will lead on any multi agency debriefs delivered via the Local Resilience Forum, with any multi agency learning progressed via the Joint Operational Learning (JOL) on line platform.

The Operational Assurance process is linked to various ESFRS departments to track and ensure end to end learning.

4.3.8 **Internal Audits and Assessments**

East Sussex County Council's Internal Audit provides our internal audit service, independently assessing the effectiveness of our governance, risk management and internal control arrangements. Internal Audit supports the role of the Scrutiny & Audit Panel. An annual internal audit plan is agreed by the Scrutiny & Audit Panel following consultation between the Senior Leadership Team and Internal Audit about the risk priorities and the results of this work is then reported back to the Panel. Individual reports on our systems are evaluated by internal audit and include recommendations to enhance controls, and then action plans are developed to address and implement audit recommendations.

The results of these internal audit reviews and the Head of Internal Audit's Annual Opinion are reported to the Scrutiny and Audit Panel.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

The Home Office published an updated National Framework Document in May 2018. In addition the Home Office has established Her Majesty's Inspectorate of Fire & Rescue Services as an independent inspection regime. Currently our operational preparedness, policies and procedures are being reviewed ready for our inspection in the Spring of 2022. All inspection reports have been published including the first State of Fire Report that specifies the areas for improvement an indication of the areas of focus such as operational effectiveness, culture, protection and use of resources.

The Service uses the outcomes of its first inspection by HMICFRS carried out in tranche 3 of 2019 to ensure our servicewide improvement agenda continues to make progress, measured at the Senior Leadership Team and Operations Committee as appropriate.

4.3.9 **Coronavirus Pandemic**

Our second inspection by HMICFRS was held virtually during the Coronavirus pandemic and second national lockdown. The processes put in place to effectively manage and lead our Service with no adverse impact to our response model was thanks to an early decision through the Sussex resilience Forum to declare a major emergency. We convened weekly Emergency Management Team meetings, overseeing risk based processes to assure our workplaces remained COVID secure, giving our Firefighters the best level of protection. Processes include internal track and trace and Station deep-clean overseen at tactical level daily by our COVID Working Group. This body of evidence enabled HMICFRS Inspectors to commend how ESFRS had and continued to cope with the pandemic

4.3.10 **Station Audits**

The Station audit programme is designed to support the continual improvement of our front line delivery services in terms of effectiveness, compliance with service operational and administrative procedures but above all, to ensure that the operational preparedness and safety of crews remains a priority. The purpose of the audits is to ensure that the current levels of knowledge and skills of crews on stations is benchmarked against current policies and procedures to ensure that operational preparedness and firefighter safety is maintained to a high level.

Areas to be audited are determined through a collaborative approach involving all the relevant managers and is led by Operational Planning and Procedure (Ops P&P) and Safer Communities on an annual basis.

Audit areas include:

- Areas of improvement in relation to firefighting, rescues and hazardous materials identified through the Ops Assurance process
- Fire investigations
- Health and Safety including thematic sampling
- Training planning, delivery and recording
- Risk information gathering and environmental responsibilities
- Station security, business continuity and resilience
- End of month returns
- Relevant areas from HMICFRS inspections

The audit team will give verbal feedback during the station audit followed by a report which is sent to the Group and Station Manager responsible for the workplace that has been audited and a copy to the Assistant Chief Fire Officer. The report contains the rating scored against each examined area.

4.3.11 **Fire Standards**

The National Fire Chiefs Council (NFCC) Fire Standards Board have published a series of four national standards. These provide a single point of reference for all FRS's to align their internal policies and procedures against.

<https://www.firestandards.org/>

ESFRS have a clear route for acceptance, gap analysis and assurance provided by their Operational Planning and Policy Team reporting to the Operations Committee.

4.3.12 **Operations Committee**

To support robust operational preparedness and operational assurance the ACFO chairs an Operations Committee which considers corporate operational assurance, operational readiness, performance, policy, practice and training. This committee ensures that the Service is managing the oversight and delivery of all its responsibilities in respect of emergency response operations and has the necessary systems and policies to ensure adoption of good practice and compliance with statutory responsibilities. The Operations Committee reviews operational performance including the outcomes of national, regional and local incident debriefs along with the outcomes from the ESFRS station audit and inspection programme.

5. Other Emergencies

5.1 (Fire and Rescue Services Act Section 9)

The requires ESFRS to make arrangements for dealing with emergencies other than fires and road traffic collisions which may require some functions to be discharged outside the authority's area. The duty requires authorities, where provision of resources has been made by central government, to respond to incidents, both within and outside the authority area, involving Chemical, Biological, Radiological and Nuclear hazards, Urban Search and Rescue and serious or wide-area flooding.

5.2 The Order complements the National Mutual Assistance Protocol, to which we are a signatory. This requires fire authorities to make a reasonable response to requests for assistance in relation to any large-scale emergency outside of their area.

5.3 How we are assured:

5.3.1 ESFRS maintain two specialist assets to enable us to deal with **both local and national incidents** of the type described above.

5.3.2 We house a Mass Decontamination Unit at Eastbourne Fire Station that is crewed 24/7 and supported if required by staff from surrounding stations to manage the decontamination of Firefighters and large numbers of people if necessary. ESFRS also house a High-Volume Pump set at Hove Fire Station again, crewed 24/7 that consists of two large prime-movers with two demountable modules. Appliances of this type are used extensively across the UK particularly during wide area flooding incidents and most recently at Whaley Bridge Reservoir in Derbyshire to alleviate the risk of dam failure. This can move 7000 litres per minute and carries 3 Km of 150mm diameter hose. Both vehicles have been deployed within the County at notable incidents.

5.3.3 We apply our Policies by preparing emergency plans, train our staff and undertake regular business continuity exercises to ensure they are robust. We consistently undertake operational debriefs that we attend, as well as fully engaging with any national level debriefs for incidents that we have supported under the National Mutual Assistance Protocol. Lessons learnt from these debriefing events are fed back into the planning and assurance process as part of the review of our emergency plans.

5.3.4 The Joint Emergency Services Interoperability Principles (JESIP), is a program that has delivered joint command training to commanders from all three emergency services in order to improve the way we work together at operational incidents. The concept is embedded into our risk assessments and operational guidance and under normal circumstances outside of Coronavirus restrictions, we aim to test and exercise jointly in realistic environments. Plans to exercise in the virtual environment have proven difficult to realise currently, however this avenue remains open with the desire to help organise triennial refreshers for all three Services using virtual platforms with realistic and time-bound tactical decision-making exercises.

5.3.5 ESFRS has entered into a range of Memorandums of Understanding with partner agencies with the overriding premise of enhancing each other's resilience. The list of MoU's can be evidenced on our intranet page using the following link:

[https://esfrsorg.sharepoint.com/sites/ESFRSIntranet/SitePages/Memorandums-of-Understanding-\(MOUs\).aspx](https://esfrsorg.sharepoint.com/sites/ESFRSIntranet/SitePages/Memorandums-of-Understanding-(MOUs).aspx)

6. Mutual Aid

6.1 (Fire and Rescue Services Act Sections 13 & 16)

Fire and Rescue authorities are required to enter into reinforcement schemes with other fire and rescue authorities, for securing mutual assistance. Section 16 of the Fire and Rescue Services Act enables fire and rescue authorities to enter into arrangements for the discharge of their functions by others.

6.2 How we are assured

6.2.1 ESFRS have a reinforcement scheme in place for our call handling with Cambridgeshire FRS, which provides resilience to our mobilising arrangements. We have a collaboration agreement with Surrey Fire and Rescue Service and West Sussex Fire and Rescue Service along with a confidentiality agreement for suppliers. On our expected transition date in autumn 2021, we will enact our Section 16 agreement for the provision of a tri-Service Fire Control with Surrey FRS.

6.2.2 ESFRS have also entered into a series of key Memorandum's of Understanding (MoU's) with selected partners where there are mutual benefits to both organisations in the interests of efficiency and effectiveness. These include:

South-East Coast Ambulance Service	Gaining entry
	Immediate Emergency Care
	Hazardous Area Response Team interoperability
	Covid-19 Vaccine Programme
Environment Agency	Co-operation for Flood response
	Pollution Incident Prevention and Mitigation
	Preventing Waste and Industry site fires
UK Power Networks	Specific working protocols in order that incidents requiring firefighting and/or response (incidents) are dealt with in a systematic and effective manner
Sussex and Surrey Police	Drone operations
	Fire and Arson Investigation
	Explosives – Information sharing
Police/ SECAmb/ WSFRS	Inter-Agency Liaison Officers – Information and intelligence sharing
Kent and Medway Fire Authority	Large Animal Rescues
HM Maritime and Coastguard Agency	Interoperability & training
Coroners Society of England and Wales	Constructive co-operation
Operation Florian	Transfer of appliances and equipment
Multiple agencies	Work-related death protocols

7. Health & Safety Assurance

- 7.1 The Health, Safety & Wellbeing staff give advice to all employees on matters of health and safety, as well as advising managers on legal compliance, policy formulation, training and safety performance monitoring activities.
- 7.2 The effective management of health and safety, leading to fewer accidents involving injury and time taken off work, is beneficial to staff and an investment which helps ESFRS achieve the high standards which the people of East Sussex and Brighton & Hove have come to expect. We are fully committed to achieving the government targets for health and safety laid out in the document "Revitalising Health and Safety".

7.3 How we are assured

- 7.3.1 Each employee will be given information, instruction and training as is necessary to enable the safe performance of their work activities. Adequate facilities and arrangements have been developed and are well embedded in Policy and training to enable employees and their representatives to raise issues of health and safety at work since it is via an effective partnership that successful health and safety management can best be achieved.
- 7.3.2 ESFRS has had a H&S management system and is developing its system based on Health & Safety Executive (HSE) guidance to become far more robust and user-friendly. There are clearly defined management responsibilities and the Authority assesses and manages the risks arising from its activities, consults its employees on matters affecting H&S, and provides training and information to employees. Its policies have allowed a good health and safety culture through open and no-surprises relationship with its staff and Trade Unions, recognised in the Health, Safety & Wellbeing Committee and active Workplace Safety Representative meetings.
- 7.3.3 The Authority has introduced an electronic management system to support the reporting and investigation of all accidents and near misses that occur and to track the investigations conducted with the intention of preventing a recurrence.
- 7.3.4 As part of the H&S Management System there is a programme of audits and inspections. The audits are based on the Royal Society for Prevention of Accidents Quality Safety Audit system and its performance indicators. These audits and inspections inform the annual review of H&S Policy and performance. They also contribute towards an Annual Health and Safety report submitted to the Authority's Scrutiny and Audit Panel.
- 7.3.5 ESFRS has an Occupational Health team that works collaboratively with Surrey and Sussex Police Service to support the health and wellbeing of staff. ESFRS has also introduced a Trauma Risk Management (TRiM) process that continues to develop as managers and staff understand the benefits. The ACFO is currently the National Fire Chief Councils Mental Health Lead and there are two active mental health campaigns accessed via our Health, Safety and Wellbeing intranet webpages; "Healthy Mind" and "Healthy Body".

8. Civil Contingencies Act 2004

8.1 Under the Civil Contingencies Act 2004 fire and rescue authorities, through local and regional resilience forums where appropriate, must work in co-operation with other emergency services and agencies to ensure an effective response to a full range of emergencies from localised incidents to catastrophic emergencies.

8.2 East Sussex Fire and Rescue Service are a category 1 responder under the Civil Contingences Act 2004. We are required to formulate business continuity plans that ensure the continuation of our priority activities in the event of an emergency (an event or situation that threatens serious damage to human welfare in a place in the UK, the environment of a place in the UK or war or terrorism which threatens serious damage to the security of the UK). We are also required to consider these risks in planning what resources we need to prevent their occurrence, protect life, premises and the environment from the effects and respond to them in the event they occur.

<https://www.gov.uk/guidance/preparation-and-planning-for-emergencies-responsibilities-of-responder-agencies-and-others>

8.3 How we are assured

8.3.1 A cross-service Assurance and Governance Group oversees the Service's responsibilities in relation to business continuity and this is chaired by The Deputy Chief Fire Officer. All Service departments maintain their business continuity plans that are available on our intranet and each department Manager has responsibility for ensuring their staff are aware of the potential impacts and activities in the event that any identified hazard emerges.

8.3.2 We have agreed levels of operational service that ensure our defined prioritised activities can be delivered so far as is reasonably practicable. These are:

- Delivering community & statutory fire safety (Preventing emergencies as our primary priority);
- Responding to 999 emergencies (and learning from them to prevent re-occurrence);
- Supporting national resilience (in other Counties at larger, more protracted incidents) and;
- All support functions that enable the above

Further details on how we plan for emergencies can be found here:

<https://www.esfrs.org/about-us/publication-of-information/strategies-plans-and-performance-information/planning-for-emergencies/>

8.3.3 The Sussex Resilience Forum (SRF) is a multi-agency partnership made up of representatives from local public services, including the blue-light emergency services, local authorities, the NHS, the Environment Agency and other partners. These risks can affect the economy, cause disruption and impact on the day to day lives of our community and therefore understanding these risks within the County and the City provides a clearly defined baseline for us to develop our provision of service to the community we serve.

8.3.4 ESFRS is an active leading partner of the Sussex Resilience Forum (SRF) and as such continues to horizon scan all risks linked to the national risk register. The SRF maintain specific risk plans relating to the UK's exit from the European Union. ESFRS consider the risk to heritage sites, the environment and the continuing risk from terrorism within its IRMP. The National Risk Assessment is given careful consideration by the SRF and the Service to monitor any new risks identified through these processes.

- 8.3.5 ESFRS consider the wider risk assessments included within the SRF's Community Risk Register (CRR) in our IRMP to ensure that proposed changes to our service delivery complement, as far as possible, the strategies of other local responders and central government agencies. We make significant contributions to the preparation, planning and response to a wide range of events that are considered as part of the CRR. The Coronavirus pandemic presented particular challenges to the SRF and ESFRS led the command and control of all agencies to ensure the continued flow of freight traffic to the continent over the Christmas and New Year period 2020-2021.
- 8.3.6 We also plan for, and occasionally respond to, incidents of such scale and/or complexity that local resources may be insufficient even when taking into account mutual aid agreements. ESFRS's allocation includes a MDU at Eastbourne Fire Station and following the ORR, the HVP is being relocated to Seaford Fire Station without detriment to service/national availability.

8.4 Business Continuity

- 8.4.1 ESFRS will take all reasonable steps to ensure that in the event of a service interruption, agreed mission critical services will be maintained and normal services restored, as soon as reasonably possible. To ensure that this happens, it is Service policy to have in place robust business continuity recovery plans that are regularly reviewed and tested, and key staff appropriately trained to manage these procedures.
- 8.4.2 For a short-term disruption, Directorate Heads will lead on recovery arrangements as detailed within the various Business Continuity Plans in place. For long term/corporate level disruptions, a formal Emergency Management Team (EMT) will be stood up to manage the recovery; this will be overseen by a Strategic level manager. ESFRS plan biannual Emergency Management Team exercises to test the latest major loss of staff plans - the lessons learned will be incorporated into a final revision of the business continuity plan.
- 8.4.3 The ESFRS Business Continuity Management process aligns to the requirements of the ISO 22301 Standard. All Directorate and Departmental continuity plans have been reviewed and remain current, published on our intranet under the Operational Support and Resilience directorate webpage.

9. Localism Act 2011

9.1 The Localism Act takes as its starting point the existing statutory powers of fire and rescue authorities and then gives the Fire Authority the power to do:

- Anything they consider appropriate for the purposes of carrying out their functions
- Anything they consider appropriate for purposes incidental to carrying out their functions
- Anything they consider appropriate for purposes indirectly incidental to carrying out their functions

9.2 It also added three new sections to the Fire and Rescue Services Act 2004, which allows Fire and Rescue Authorities to place a charging policy in support of its strategy to deal with unwanted fire signals received from automatic fire detection systems. The charging power allows us a level of discretion in that we may decide not to charge at all, as is the case now, or we may charge different amounts to different groups of recipients when we respond to specific categories of calls.

9.3 How we are assured:

9.3.1 ESFRS maintains a Memorandum of Understanding with Kent & Medway Fire Authority which sees the Service undertaking large animal rescues on behalf of Kent across a large area of Kent and for which the Service is able to charge.

9.3.2 Under section 38(1) of the Act we are required to prepare a Pay Policy Statement. The Authority is responsible for ensuring that that the pay policy statement sets out the issues relating to the pay of the workforce and in particular the senior officers and the lowest paid employees. This ensures that there is the appropriate accountability and transparency of the salaries of our senior staff. The purpose of the statement is to provide greater transparency on how taxpayers' money is used in relation to the pay and rewards for public sector staff.

For more information please use the following link:

<https://www.esfrs.org/about-us/publication-of-information/>

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